



## Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

## Building societies

Sir.—In his letter (October 15) Mr. Willis, Director of Shelter, suggests that the recent plentiful supply of funds to building societies has been largely taken up by "biggers borrows" in prestige areas. Figures for 1971 are not yet available to disprove this but 1970 was also a good year and then more than one-quarter of all home-loans were made to people earning less than £25 a week while only 10 per cent went to those earning £60 a week or more. There is nothing to suggest that a similar pattern will not emerge in 1971; indeed, the good supply of money has itself led to a general liberalisation of lending policy.

A true picture of building society service to the home-buyer emerges from the total number of loans made and, as the following figures show, these have been increasing steadily—

No.  
First half 1969 ..... 225,000  
Second half 1969 ..... 235,000  
First half 1970 ..... 244,000  
Second half 1970 ..... 266,000  
First half 1971 ..... 288,000

While doing all they can for the lower-paid borrower, building societies must also support the upper end of the market, overlong chains of purchases break down. Even so, only one home-loan in twenty is currently in excess of £6,500.

N. E. Griggs,  
Secretary-General,  
The Building Societies  
Association,  
14, Park Street, Mayfair, W.1.

## Marketing effectiveness

Sir.—I support Mr. K. E. Mann (October 15) in his views about the measuring of marketing effectiveness.

It must surely be accepted that the main management tools of any effective manager are organisation, planning and control.

Although marketing managers have generally been slow in the application of formalised planning, and equally slow in the exercise of the techniques of modern management controls, there should be no doubt at all that marketing effectiveness can be measured by quantifying its progress towards the achieving of defined objectives so that where necessary appropriate action can be taken to correct and improve performance.

Such measurement extends beyond the simple comparisons of sales and expenses against assigned quotas and budgets and must reach searchingly into such areas as gross profits, by product group, product development, customer service, order backlog, pricing policies and other needless obstacles (such as

other sectors of the marketing function).

A constant monitoring of the whole spectrum of marketing operations must be carried out not only to produce a short-term analysis against short-term objectives, but also to direct the business profitably towards longer term goals.

R. C. Russell,  
18, Victoria Avenue,  
Menston, Yorkshire

## Tax cuts and rates

Sir.—David Watt's article on the Conservative Party Conference (October 15) rightly pointed out that many middle-class Conservative supporters were pleased with the tax cuts made already by the Chancellor.

However, I found few delegates at Brighton who realised the full implications of what is happening. Direct personal taxation has been reduced, but the cost of maintaining community services remains, and a tendency is emerging for this to be financed more in future by local authorities than by the central Government. The White Paper, "Fair Deal for Housing," contains proposals to introduce a number of mandatory contributions from the general rate fund to the housing revenue account and this makes substantial increases in rates inevitable. It will be interesting to see how electors react when this new trend becomes more widely understood.

J. R. L. Cunningham,  
(Alderman),  
36, Regent Street,  
Cambridge.

## Small firms' efficiency

Sir.—I wonder if others of your readers were offended by the rather condescending tone of Mr. C. P. Morton's letter (October 14) about small firms. He writes that we do not have the sophistication to seek advice, are unlikely to be prepared to pay for it, need lengthy training for our staff and suffer from a total lack of information. We have to be humble enough to admit outsiders know more than we do and yet we will not take steps to seek such advice.

We wonder if we really are such sponges. The small businesses of Britain produce 27 per cent of the country's industrial output and continue to survive in spite of direct political and financial discrimination aimed at their destruction and in spite of many other needless obstacles (such as

## Small firms

the large firms who refuse to pay their bills at the proper time). I notice many among the large firms who fall on their oars all the time in the past few years that either have or must have employed consultants, yet they still failed. Why? I wonder, if as Mr. Morton says, large firms have little difficulty in using the brains of outsiders.

I must say that my experience of using consultants to try to solve problems has been quite unsuccessful. Three times we have tried, on three entirely different subjects and each time it had a dead loss at the end of the assignment. Not a single consultant did they provide the answer to our question (as they asserted they would be able to do at the start) and in one case we ended by doing the job ourselves. Small firms in general are more efficient than the large ones and it is time we started answering back to undo the damage that unsupported and ill-informed criticism is doing to us. We are the enterprise end of private enterprise and deserve encouragement. And Mr. Morton should remember that the efficiency of the "small firms" in Britain is dropping below 2 per cent, adju-

tional funds would be freed which are currently being saved.

These savings are extremely high and are easily attributable to the widespread uncertainty prevailing. My suggestion would ease the position considerably and has the advantage of remaining financially neutral and actually reducing costs.

This move would have to be a national one, or those affected will feel discriminated against, hence a joint lead from the CBI and TUC is required.

C. P. Morton,  
142, Arkwrights,  
Harlow, Essex.

## Anti-smoking advertising

Sir.—I am unclear if Mr. Dyke (October 14) recommends an increase of overtime to stimulate the economy. If that is the case, I strongly oppose the suggestion.

If companies banned all overtime excepting dire emergencies—an extra 200-250,000 could be gainfully employed judging by the last figures published on overtime worked.

The additional spending power put into circulation would "prime the pump" more effectively than any other measure. If it were clearly understood that no relaxation would be considered until the unemployment rate had

been eliminated a long time ago, assure him it is not, if we are not to do violence to the English language. To inflate is to blow up, increase, expand, etc. When there is no blowing up but only a redistribution of money there can be no inflation.

Indeed the argument we are having has been proved by Keynes, the U.S. view held, etc.

Because the policy emanating from these sources was that of the money supply which has been responsible for almost all our present monetary troubles.

To suggest, as Mr. Stead does, that a stable currency ("stagnation") would cut down production is not borne out by even

After the German Mark collapsed production still continued, with cigarettes and other goods acting as medium of exchange until a stable currency was once again instituted. Even this hopelessly inadequate form of money did not stop production and certainly production did not wait for the printing press.

People don't suffer through want of paper—only goods.

V. H. Blundell,  
74, Alexandra Park Road,  
Stanwell Hill, N.10.

## Unemployment

may perhaps be excused because his comments are included in a general report on health. But the effect will doubtless be the same—to create a new generation of psychotic smokers.

Of course heavy cigarette smoking can lead to lots of nasty complaints—if some sort of failure after release or even World War III doesn't get the

blame. And get a professional to do it.

These days people have been subjected to mass persuasion on a grand scale and for so long

(soap powder, petrol and six-

pence off) that the embarrassingly amateurish anti-smoking advertising creates derisive laughter rather than serious consideration.

Hoover promoted a washing machine by listing the drawbacks of the kitchen sink. And that to impress upon cigarette smokers that they're taking a risk is playing into their hands.

Everyone gets satisfaction from taking some sort of risk—especially in a society where the band wagon, although he pretty well any sort of risk has

risen, not the absolute number.

A modern society should be able to adapt to a temporary increase in the proportion of old people, while the burdens associated with caring for an increasing number of old people would lessen.

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The basic fallacy in this whole argument is the erroneous assumption that spending precedes production, whereas production precedes spending since you cannot buy or exchange what has not been produced.

V. H. Blundell,

74, Alexandra Park Road,  
Stanwell Hill, N.10.

## Licensing hours

Sir.—How long must we listen to the awesome forebodings which await us if and when the licensing hours are altered (Your report of October 13, page 17.)

To my tiny mind, the answer seems simple. Change "permitted hours" to "recommended hours" with the option to deviate entirely in the hands of the discretion of the licensee or manager whenever the circumstances justify it.

A gentle pat on the best should be given to the National Association of Licensed Victuallers. The Errol committee and all concerned and send them home.

Everyone will then be happy, seeing the police who will no longer have to waste time looking for people with a tableful of booze 15 minutes after closing time.

E. G. Payne,  
Guy Standing,  
University of Sussex,  
Falmer, Sussex.

## Structural technological and other unemployment

Sir.—Mr. Rogaly (October 8) attempted to show that much unemployment should not be called unemployment and that the real problem is much smaller than many of us believe. One of Mr. Rogaly's principal arguments was that a considerable amount of the present unemployment is structural or technological. The nature of modern industry, it is claimed, means that many categories of workers are almost unemployable. And of course it is an argument with a long lineage. It may be it was first fully aired during the slump after the Napoleonic Wars when, for example, David Ricardo vacillated over the potential effects of modern machines on the employment of labourers.

As for Brian Griffiths (October 13), his letter concentrates entirely on the characteristics of the unemployed rather than the problem itself, and in his eagerness to congratulate Mr. Rogaly he falls into a series of unbecoming errors of omission. He first mentions the unemployed, those who cannot really find work at any time. Now come Mr. Rogaly, or anyone else tell me why there should be so many more unemployed in 1971 than there were in 1965 when unemployment was low?

There is little if any evidence to show that there has been any significant change in the type of employment.

This is in fact a very complex problem, but Brian Griffiths, a noted monetarist economist, has only highlighted one dimension of the problem. His point is valid but only in so far as it goes, because high voluntary unemployment, besides being caused by unemployment benefits *et al.*, is also a positive function of an inefficient information network—because a worker and an employer take their time to find the best possible offer, search unemployment is excessive.

However, this is absolutely no reason to believe that a worker would take more time off in a highly inflationary situation when the value of present income increases relative to the value of an income, perhaps slightly higher in money terms, in a few weeks' or months' time. Mr. Griffiths' third category is the spatially unemployed, those who cannot or will not move geographically to find a job. Again the emphasis is often unfair and is that somehow it is the workers' fault. The problem of labour immobility has been with us since time immemorial and it is a problem which can be posed in the following way. Why should individuals who have settled down among their family and friends suddenly become itinerant workers? Why should they have to move simply because the nature of the industrial and governmental

structure fluctuates erratically and often merely as a result of a whim of the Government of the day?

It is, to use Brian Griffiths' words, intellectually dishonest to say that these people are not "a crucial factor in assessing the present statistics."

Secondly, Mr. Griffiths' mention of voluntary unemployment is the spatially unemployed, those who cannot or will not move geographically to find a job. Again the emphasis is often unfair and is that somehow it is the workers' fault. The problem of labour immobility has been with us since time immemorial and it is a problem which can be posed in the following way.

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It is, to use Brian Griffiths' words, intellectually dishonest to say that these people are not "a crucial factor in assessing the present statistics."

It is a myth that the present problem is one of structural unemployment for it is widespread throughout the country and throughout all forms of occupations and practically all industries. The industry least hit by rising unemployment since 1966 has been insurance and even there unemployment has increased by nearly 200 per cent.

Furthermore the highest unemployment is in the construction industry. Is that an endemically declining industry? Do we have no need for new houses and modernised houses? Unemployment is chronically high among the young: Do we not need young workers? Are they a social welfare problem?

Do we need a new definition for them? I. usually thoroughly enjoy Mr. Rogaly's articles, especially his ones concentrating on his favourite discipline, social psychology, and I hope I will continue to enjoy them, but his recent article playing down the problem of current unemployment was sadly amiss.

Guy Standing,  
University of Sussex,  
Falmer, Sussex.

## Racing

## More for Murless

by DARE WIGAN

NOEL MURLESS saddles three short head at level weights to horses at Sandown this afternoon. Richelieu in a match at the Doncaster St. Leger meeting, since when Richelieu has earned 9 st into fourth place in the Irish Sweepstakes Cambridge Handicap, a maiden race run over the Sefton Course at the Newmarket First October meeting that it will be surprising if she fails to cope with moderate opponents in the Leatherhead Plate (340).

This big filly by St. Paddy looks as though she had plenty of scope for improvement, and is a confident selection. Calshot Light, a half-brother to the mare, will be running at Sandown, especially when the ground is soft. He may find it beyond him to concede 29 lb successfully to Section, who though evidently not worth the \$80,000 paid for him at the Saratoga Yearling Sales in 1969, has shown a measure of ability.

There will be a scramble for the Heather Maiden Plate (20) for two-year-olds and unless the betting market gives a clear lead as it did in the corresponding event 12 months ago when the Epsom-trained Ma-Shema started favourite at 2-1 and won easily, the race is probably best left alone.

Murless is represented by Atten Melli, a filly by Primera out of Come on Honey, a mare by Never Say Die who is bred

to stay long distances, and would sooner take a chance with Bruce Flight, a colt by Derby Do, who ran well when fourth behind Relikatim at York.

I had thought that French Story might have been a good thing with bottom weight in the Wey Nursery Handicap (35), but she does not run. In her absence, it may be best to rely on Dolly's Mate, who was bought in for 1,400 gns. after winning a valuable selling plate at Goodwood in August, and who, it is judge by some of the prices paid at the Houghton Yearling Sales at Newmarket last week, is probably well worth the money. March Bell will go well in the Mitre Stakes (230).

George Todd's Lambton stable has had little luck this season, but I am hoping that French Story will win the Coombe Handicap (445).

This ten-year-old gelding has only once failed to win at least one race in the past six seasons and will be seeking his 12th success this afternoon.

Selections:  
2.00—Bruce Flight  
3.00—March Bell  
3.40—Dolly's Mate  
3.40—Cupid's Delight\*\*  
4.15—Sealion\*\*  
4.45—Bradfield\*\*

## Events

## To-day

PARLIAMENTARY BUSINESS:

House of Commons: Consideration of Lords' amendment to the Immigration Bill.

COMING CONCERTS:

CAPITAL AND NATIONAL TRUST, BUCKINGHAM PALACE, E.C. 12, (Chairman, Mr. R. E. P. Verney).

CEYLON AMALGAMATED TEA ESTATES, 12, ROOD LANE, E.C. 2, (Chairman, Mr. W. R. T. P. Fenton).

HEYWOOD WILLIAMS, PARK LANE HOTEL, 1, LONDON, E.C. 2, (Chairman, Mr. R. E. P. Fenton).

HINDSON'S, 1, LONDON, E.C. 2, (Chairman, Mr. R. E. P. Fenton).

JOS HOLDRIE, 2, PENDLEBURY, ST. 12, (Chairman, Mr. E. H. C. Holdrie).

MICERIAN ELECTRICITY SUPPLY CORPORATION, MANAGEMENT HOUSE, 1, PIFCO, WINDSOR, BERKSHIRE, RG. 12, (Chairman, Mr. A. D. Webber).

THE NEWCASTLE & CO. LTD., 1, NEWCASTLE UPON TYNE, NE. 1, (Chairman, Mr. E. H. Stowell).

THE RAILWAY TRUST, 1, NEWCASTLE UPON TYNE,

Elizabeth Hall

# Radu Lupu

by GILLIAN WIDDICOMBE

Subscription concerts usually seem to me more confusing than convenient. The habit may well come in with the Common Market, since it works very well in Vienna and Berlin; but the feeble response to the Festival Hall's voucher system suggests that it has already failed in London.

Still, the first thing to be said in favour of the new subscription series of 14 recitals launched by two London agents (and co-operation between agents is as rare as the mating of pandas) is that all the pianists chosen represent an excellent standard. The plums of the younger generation, with only two older colleagues; rather like the old days at Wigmore Hall with the duds knocked out. Within this framework there is a wide variety of musical style: in repertory, from Haydn and Beethoven to Bartok and Stockhausen, but featuring the standard masterpieces rather than obscure extremes; in performers, from Brownings to Brendel, Ashkenazy to Kontarsky. Also in favour is a free record if you go to a complete series. But there the muddle begins, since the series is divided into two sets of seven, and spreads from October to June, on odd dates. Besides, I'd have gone to Radu Lupu's recital on Sunday afternoon without bargains and benefits.

I wish I'd heard Lupu when he won the Leeds competition in 1969. Those who did have started to say that his recent playing has become something of a caricature of what it was then. Hearing him twice in Beethoven concertos, I thought the comment decided unfairly; but Sunday's

recital had an air of excess which surprised me. He played two big Schubert sonatas and the exaggeration was particularly noticeable in the first, A minor, Op 42. The opening phrase, for example, was given a huge expressive gash before its pivotal note; and every phrase was strongly contrasted. The effect was a hot-house performance; very fine, and stimulating; and exhausting to listen to. Every ten bars or so I felt dazed by the richness of expressive detail, of mood, of coloration. Lupu, I diverted myself by deciding, would be the ideal pianist to convince an unmusical audience of the different coloration inherent in different keys—just by playing the National Anthem.

Describing it this way should not seem derogatory. With at least a thousand pianists let loose every year in Britain alone, it is obvious that a young one like Lupu (who is 26 or thereabouts) must infuse and sustain his musical personality; and Schubert is open to more variety than most pianists recognise. And yet the A minor felt uncomfortable, particularly after its last movement had several passages of near mess.

The second sonata was the big B flat, and this seemed less contrived. Here there were also extraordinary touches of artful playing—the repeat of the exposition saying something totally different as opposed to something nearly unrelated; the slow movement widely graded from the theme firm to the left hand embellishments almost inadvertent. But the overall temperature seemed more freely balanced, the phrasing more content to flow.

## Greenwich Theatre

# Antigone

by GARRY O'CONNOR

This production of Sophocles' *Antigone* seeks a dramatically promising. Freda Dowie, who plays Antigone, and Susan Glanville as her sister, Ismene, create a stirring basis for the story to begin; create also the doomed, unhappy sense of family forms butchery and lumpen; skimpy plastic leggings here and there add a martial touch; Creon lopes about in grey suit—"bell-bottoms" authority clinging to him in the shape of hideous bronze shoulder guards. Leo Aylen, who has adapted the play, as well as directing it, strives also to restore the according to him—"neglected" musical and dance elements. These he and his composer/horographer, Annette Battin, write much in the modern idiom. An electric organ pumps out subversive melodies; the chorus wriggle about in war-jackets, belligerently thrusting spears, enacting the Polyneices/Stoekes' conflict, which Sophocles had, in the first place, transformed into a thrilling drama of tragic poetry. Worse than the principals hardly fare any better: the first scene, in which Sophocles pitched us straight into the fevered temperature of the play.

## Arts news in brief . . .

Artists invited by the British Council to show recent work in 1925 and 1950, though there are two early drawings dated 1923, when Burra was 15. The Tate Gallery will hold a full-scale retrospective exhibition in 1973 or 1974.

The Board of Trinity College of Music have announced that Yehudi Menuhin has accepted an invitation to become president of the college in succession to the late Sir John Barbicrolli.

The centenary of the college will be celebrated in 1972 with special functions including a concert at the Albert Hall, a service at Westminster Abbey and a

watercolour and drawings dinner at Grosvenor House.

suggested that Nicholson's profound feelings for still life were assimilated at an early age, not only because his father was a painter of exquisitely beautiful still life, but through the objects that his father collected—jugs, mugs, goblets, etc., of which Nicholson still has. His own work is mostly about Ben Nicholson, nothing but themselves. Lancaster's paintings by their structured nature have an appealing toughness that is absent from much of the sloppy, flabby work in the abstract revolutions of the 30s, when the Nicholsons lived in Hampstead and were actively involved in the formation of various groups of artists involved in the abstract revolutions of the day. Nicholson has mainly lived in the country—Italy, Cumberland, Cornwall, Switzerland.

There can be little doubt that in so far as labels mean an identification of the esteem and affection of the public, these paintings are in relief—shaped and cut from Pavetex, a

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## Farming and Raw Materials

### Own dairy plan for school milk

By Our Commodity Staff

A LONDON borough is considering a plan to set up its own dairy, with about 200 head of cattle, to provide free school milk. The plan has been put forward by the leader of Brent North Young Socialists, 29-year-old councillor Terry Williams, who said he hoped to have a report from the council in two or three weeks.

A 263-acre site at Fryent Way, Kilburn, at present farmed by tenants, seemed last March with a rent notice to quit, was suggested as the site for the dairy.

The cost of setting up the dairy and running it has been put at £64,009 by the Young Socialists, but they hope that 30-40 per cent of the money would be covered by Government subsidies.

Councillor Philip Hartley, leader of the council, said: "It's certainly worth investigation as it could not only provide milk for Brent schoolchildren, but would have a lot of educational value for pupils."

### Bank produces dairy farming training film

By John Chittcock, Industrial Film Correspondent

ANOTHER agricultural training film Cow Care was released yesterday by the Midland Bank. This follows a series on agricultural subjects which, over the years, has played an important part in gaining Midland's increasing share of farming business, it is claimed.

The latest film provides a basic introduction to the many facets of modern dairy farming and, as such, fills something of a gap, since others on the subject tend to deal with specific aspects of milk production. In this series, with a livelier interest in its subject despite a few stilted moments, claiming that milk yield in modern dairy farms has doubled and man-hours halved, the film is much concerned with the economics of milk production.

Copies, in 16 mm colour, are available on loan through the Midland Bank Public Relations Department, Poultry, London EC2P 2BX.

## Zinc moves to new highs

BY JOHN EDWARDS

ZINC prices on the London Metal Exchange rose to new highs for the year yesterday, following another substantial drop in the stocks held in LME warehouses. The cash price climbed by another £1.575 to £138.125 a metric ton compared to £130.125 only three weeks ago.

The latest decline of 1,825 tons in LME zinc stocks to a total of 22,775 tons brings the reduction in holdings over the past five weeks to 3,375 tons. All but 50 tons of the total stocks are held in Rotterdam—the cheapest warehouse in which to deliver zinc, in which the delivery date is not specified.

No one is quite certain where the recent upsurge in demand has come from, but it is suspected that some of the buying support at least may have come from producers worried about the huge discount that LME zinc prices were offering below the official producer quotation of £150 a ton.

**Shortage grows**

At around £131 a ton LME zinc, even at a lower quality grade, became extremely attractive to buyers compared with the producer price. However, at £139 and over it is far less appealing bearing in mind the extra costs

in the backround is a developing shortage, especially of higher quality grades, in the U.S. where zinc stocks have plummeted.

The same situation, to a lesser extent, applies in Europe, too.

Although some Continental suppliers are reported to be still discounting the official producer price of £150, rumours are floating round of moves by the producers to increase the price again to £170.

At the time of the last increase in June from £127.95 to £150 a ton, the producers made it clear that even the higher price failed to cover their greatly increased costs. But it is difficult to see consumers putting up with another price rise at present with consumption still far from buoyant.

A major factor in the LME zinc price rise, apart from a change in sentiment, has been reported delays in the arrivals of shipments of North Korean zinc to the warehouses. If the stocks decline is reversed by large new deliveries it is difficult to see prices moving much closer to the Producer quotation level in the short term.

A fall in 2,225 in copper stocks, down to a total of 125,265 tons, was much in line with expectations and had little impact on a quiet market.

The steady tone in zinc and copper prices kept lead values firm too despite a further rise of 1,725 tons in lead stocks to a total of 46,275 tons. Zinc stocks of 265 tons in LME stocks to 5,262 tons was also offset by the belief that the buffer stock of the International Tin Agreement would support the market any time it threatened to drop below £140 a ton.

LME Silver holdings fell by 80,000 to 5,880,000 ounces. Silver prices in London, following the trend in New York, continued to recover from the lows plumbed last week.

In the backround is a developing shortage, especially of higher quality grades, in the U.S. where zinc stocks have plummeted.

The number of closures of zinc smelters in the U.S. during the past 18 months or so has been considerable because of prices failing to keep up with escalating costs and it is being widely forecast that once demand picks up properly an acute shortage could develop.

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The Financial Times Tuesday October 19 1971

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ntial  
DENT**American  
News****Nixon wins  
victory on  
consumer  
protection**

By Our Own Correspondent

WASHINGTON, Oct. 18. THE HOUSE of Representatives has passed by an overwhelming majority legislation which would set up an independent consumer protection agency within the executive branch. It also rejected an amendment which would have given the agency greater powers to intervene on behalf of the consumer.

The House vote was seen as a major triumph for the Nixon Administration which, together with several business groups and the U.S. Department of Commerce, had exerted strong pressure on the House Government Operations committee considering the Bill.

The final version of the Bill as it emerged from the committee stripped the agency of many of the regulatory powers envisioned by the original sponsors of the Bill. Mr. Ralph Nader and other consumer advocates on the hill charged that the committee had gutted the Bill. However, attempts by a group of Democrats to restore some of its original muscle by introducing a last-minute amendment were defeated.

**Amex calls for  
national  
SE system**

WASHINGTON, Oct. 18. THE AMERICAN Stock Exchange to-day proposed a restructuring of the nation's securities markets. Mr. Paul Soltan, president of the exchange, in testimony at public hearings at the Securities and Exchange Commission outlined proposals for a new coordinated national stock exchange system with a consolidated tape and a new governing authority to coordinate the system.

The proposals are similar to recommendations put forward by Mr. William McChesney Martin, a former chairman of the Federal Reserve Board, in his report on the securities industry earlier this year.

The Amex president called for a two-phase approach to the formation of the national system: firstly, work on designing and planning of the administrative, technological and regulatory framework of the system; and secondly, formation of broadly-based and permanent panel to set policy and coordinate the system. Reuter

**WORLD BANK  
\$25M. ISSUE**  
By Our Foreign Staff  
The International Bank for Reconstruction and Development offered a \$25m. issue of 7½ per cent eight-year Canadian dollars at 89·75 per cent on October 14, the managing syndicate said yesterday.

**TRINIDAD AND NATIONALISATION****Williams pledges caution**

By DAVID RENWICK, PORT OF SPAIN CORRESPONDENT

HERE WILL be no indiscriminate nationalisation in Trinidad and Tobago as long as the people's National Movement is in power.

Dr. Eric Williams, Prime Minister and party leader, reaffirmed this posture at the N.M.'s 13th annual convention. He made it clear that the Trinidad and Tobago Government had learnt its lesson from the experiences of other developing countries.

"We have kept in mind what as happened in Ghana with the revolution and in Indonesia with the previous regime and we have been extremely careful not to sacrifice the well-being of the people in Trinidad and Tobago on the altar of some intellectual fetish which is now being considerably modified in the country where it originated—as in Yugoslavia, as in Czechoslovakia before the Soviet intervention and as in the Soviet Union, where there are increasing grumblings of discontent."

"Our stand has been and continues to be to deal with key factors of the economy such as oil and sugar."

**In local hands**

The Prime Minister's declaration at the convention was both a restatement of what has been fiscal Government policy as outlined in the 1969-1973 Third Five-Year Plan and an answer to the Tapia House, a group of young lecturers, students and others centred around the University of the West Indies at St. Augustine, which called on the Government for "localisation and reorganisation" of the economy in its recent independence issue of its paper *Tapia*.

Dr. Williams derided *Tapia's* proposals by pointing out that the group apparently was not aware that many of the sectors companies it suggested for immediate local take-over were already either in the hands of the State, in private local hands or were the subject of definite government action designed to regulate activity in the interest of the people.

The Government has been pay-

**Business leaders predict expansion through 1972**

BY PAUL LEWIS, U.S. EDITOR

PRESIDENT Nixon's new economic policies are likely to produce an accelerating expansion of the domestic economy during the remainder of this year and throughout 1972, in the view of American business leaders.

This is the principal message of the latest forecasts prepared by the President's Business Advisory Council and released at its Hot Springs meeting over the weekend. The forecasts are based on a poll of leading corporate economists.

During 1971 the Business Council now expects that Gross National Product will expand by over 9 per cent at market prices. Since it expects an inflation rate of between 3 and 4 per cent, this implies a real growth rate of 5·6 per cent.

For the current year it is forecasting a growth rate of about 7·5 per cent at current prices. With the price deflator likely to reach 4·5 per cent, compared with 5·5 per cent last year, real growth would be about 3 per cent, or substantially below next year's target.

Most of the economists con-

sulted said they believed the new wages and prices controls would have a significant effect on inflation, but they also urged that these should be accompanied by prudent fiscal and monetary policies.

As regards the immediate outlook, they said that the consumer sector is continuing to improve and that there are now some indications that the strengthening in demand is beginning to work through the economy to the more basic sectors.

**Small improvement**

While the prediction of a fairly strong upturn next year is heartening for the Administration, the Business Council's forecasts about employment are less so. For despite the expansion, it still predicts that the unemployment rate will be between 5 per cent and 5·5 per cent in the last quarter of next year.

This would represent only a small improvement on the current rate of about 5·9 per cent and highlights the difficulties the Administration faces in trying to promote growth at the

wages front as well.

• Treasury Secretary Mr. John Connally expressed the hope that the 10 per cent import sur-

charge would be lifted in two to three months but he warned that it was up to America's trading partners.

**French sceptical at reports of surcharge deal with Germany**

BY ROBERT MAUTHNER

REPORTS that an agreement in principle has been reached between the U.S. and West Germany granting the West Germans exclusive exemption from the 10 per cent American import surcharge have been greeted with astonishment and scepticism by French officials.

The view in Paris is that, whatever Mr. John Connally, the U.S. Secretary of the Treasury, might have said on the subject, it was most unlikely that an agreement of this nature would ever see the light of day. If the West Germans were to accept such a discriminatory arrangement in their favour, as it would certainly be looked upon by all their Common Market partners, not only the French, as a serious blow to the Community. Few people here believe that Bonn would risk a major political row within the Common Market at a time when it is payments and exchange rate

adjustments required to wipe out the American payments deficit much more difficult to reach.

It is also being emphasized that the French Finance Ministry and the German Finance Ministry are not in line with the American's own policy, as demonstrated by last week's agreement between Washington and Tokyo on the limitation of Japanese textile exports. As part of the agreement, the Americans suspended the import surcharge on textile imports from all sources, not only from Japan—a sign that the Americans are anxious to provoke as little international bad blood as possible in present circumstances.

There can be no doubt, too, that the singling out of the Germans for favoured treatment would make an international row on the balance of payments bring the balance of payments into equilibrium, would be no more than \$8,000m.

**Secession threat to ECCA**

BY DAVID LASCELLES

THE future of the East Caribbean Currency Authority which acts as a central bank for a number of British Commonwealth Caribbean islands will come under intense discussion in the coming months now that certain members may secede.

Only Barbados has so far announced concrete plans to leave the authority and set up its own central bank with currency issuing powers. But a number of other territories are known to be nurturing similar plans as part of their policies to achieve economic independence in spite of their small size.

The new Government in Antigua, which has already adopted a strongly nationalistic stance, wants its own central bank so that it can improve the availability of credit to territories and Trinidad and Antigua and gain a stronger hold on the island's economy which badly needs stimulation.

The increasing fragmentation of the ECCA (Trinidad and Tobago and Guyana already have their own Central Banks) is being viewed with alarm by the secretariat of the Caribbean Free Trade Area (Carifta) which is planning total economic integration of the East Caribbean Commonwealth region. The one big advantage that Carifta can claim over the European Common Market on which it is being modelled, is that most of its members share a common currency. But here the situation is also changing.

However observers have been encouraged to see that the ECCA

is attempting to patch up its quarrel with France over international monetary policy.

Talks on this subject were re-

sumed in Paris to-day in the forum of the OECD's Working Party Three, which groups the central bankers and high

Treasury officials from the world's main industrialised nations. The Europeans and the Japanese were expected to tell the chief American representative, Mr. Paul Volcker, Under-Secretary at the U.S. Treasury, that Mr. Connally's demand for a \$13,000m. swing in the American balance of payments was unrealistic.

According to the OECD secre-

tariat, which has prepared a

voluminous document on the

subject the turnaround required

in the U.S. current account to

bring the balance of payments into equilibrium, would be no

more than \$8,000m.

When allowance is made for price increases, the Authority says that this stagnation in supply suggests that domestic economies did not grow at a satisfactory rate during the year. However, the Authority's money supply increased by more than 10 per cent to EC\$441.4m. This is attributed to an expansion in domestic credit.

A Chaseman knows the American Market

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## Export News

### £30m. U.K. components for Volvo

By Ray Dafter

TOR LINE has won a £2m. five-year contract from Volvo to ship British manufactured vehicle components to Sweden and some assembled vehicles back to the U.K.

Exports to Volvo have increased by 28 per cent in the last three years. More than 81,000 tons of export and import freight will be carried in the first 12 months of the new contract. Of this 73,000 tons will be U.K. exports worth more than £30m. consisting of component parts for Volvo cars, trucks, tractors, combine harvesters and heavy dump trucks.

#### More sailings

In renewing the contract Volvo said that the line's frequent sailings from the U.K. to Sweden were an essential part of their production planning.

The service provides five direct sailings a week between Immingham and Gothenburg. The flow of components is controlled in the Humber port by D. D. Smyth and Co., Volvo's shipping agents, which recently announced the opening of a new terminal designed and built to cater for the increased volume of cargo being handled.

From November Tor Line is to offer six return sailings a week for cargo between England and Sweden, made possible by the line's new cargo-only ferry, Tor Gothia.

## THE THIRD WORLD—EAST OF SUEZ

# Singapore exhibition to counter withdrawal fears

BY CHARLES SMITH, FAR EAST CORRESPONDENT

OVER 200 companies, with about £10m. worth of products, are represented at the British Industrial Exhibition in Singapore, which opened yesterday in a former British Army ordnance depot.

The exhibition, sponsored by the Department of Trade and Industry and the British National Export Council, is the largest of its kind to have been held in Singapore and one of the most ambitious operations ever mounted to promote British exports in the area.

It is aimed not only at Singapore itself, which absorbed £65m. worth of British goods last year, but also at the South East Asian region which represents a market of over £200m. a year for U.K. exports.

Military pull-out

One reason for the decision to hold a major trade exhibition in Singapore this autumn is believed to have been a desire to dispel any impression that Britain is "pulling out" of the South East Asian region in an economic sense.

The exhibition will coincide with—and no doubt distract attention from—the final phase of the British military withdrawal from Singapore which is due to end on October 31. It is likely to be followed, in December, by a conference in Singapore of British officials concerned with trade promotion in the Far East who will be able to assess results and future export prospects.

Britain's trade with Singapore and Malaysia has been doing well recently, after a thin period during the mid-60s, and officials concerned with it now talk not simply of maintaining the U.K.'s share of the Singapore market (currently just over 7.5 per cent) but of increasing market share as Singapore's import requirements grow more sophisticated.

Exports to Singapore in the first half this year were up 17 per cent. on the same period of 1970.

Taken together, Singapore and Malaysia now represent Britain's second largest Far Eastern market, next to Japan.

In order to insure that the Bureau mounting a joint



Lord Drumalbyn—the EEC will not come between us.

widest possible impact on neighbouring countries, invitations have been issued to some 60 businessmen and officials from South East Asia carefully selected for their ability to influence import decisions in their countries.

The visitors will be given their fuses to Singapore and will be transported to the exhibition site on a London Transport double-decker bus. National Days are also being organised for each major South East Asian country and a British export golf tournament is to be held to-day under the sponsorship of Dunlop and a local hotel group.

#### Investment

Products on display at the exhibition range from heavy drilling and earth moving equipment, through machine tools, to scientific instruments and electronic equipment. Several companies will be showing equipment for controlling air

flow, to motor vehicles to the trade, and he gave himself 10 years to own a Rolls. He just made it.

Now M. D. Shocket and Co.

has a turnover of about £220,000

and is planning operations in all

the major Common Market

countries.

The company gets its bulbs

from the major manufacturers.

They are then sold under the

Florida brand name direct to the

stand. A special pavilion is devoted to the contribution made by British investment to Singapore's industrial development.

*Harvey Smith writes from Singapore.*

The exhibition was opened with a pledge by Lord Drumalbyn, Minister without portfolio, that British interest in this region would not be diminished by membership of the European Economic Community.

He told the invited audience of Asian importers and British

businessmen that the exhibition and five-power defence arrangements were proof of Britain's resolve to strengthen commercial ties with South East Asia.

#### Attention

It would be "entirely wrong," he said, to suggest that negotiations on EEC membership meant a decline in attention to this region. The British minister also sought to reassure his Asian audience that the problem of labour relations in the U.K. was on the wane.

Attractive Asian hostesses wearing mini-skirts and hot pants and bearing Union Jack parasols directed large crowds around the sprawling complex.

The only un-British touch—apart from blinding sunshine—was Tyrolean music coming from loudspeakers.

#### Kuwait show

A British Week in Kuwait has just ended a 10-month U.K. trade drive in this country's second largest Arab market.

Excluding armaments, U.K. sales to Kuwait last year topped £26m., and it is believed that Britain should benefit from a surge in demand for both capital and consumer goods.

However, the U.K. is lagging behind other suppliers. In 1970, Japan took first place selling goods worth £34m., and U.S. sales were £30m. In the decade of the 1960s, Kuwait imports rose from £89m. to £223m., but Britain's market share has

declined by some 50 per cent.

Singapore exhibition has the



Michael Shocket, cigar and Rolls—light relief in Belgium.

## Main beam on Europe

BY DAVID CURRY

MICHAEL SHOCKET is 31, trade cutting out the wholesaler. sports carefully trimmed sideboards, operates out of a dingy office in a back alley of Dalston. The 30 salesmen work on a commission-only basis, selling to the client for whatever price they can command. The head office sends out the invoice and receives the payment, retains a fixed amount corresponding to purchase price, profit and overheads. What is left goes to the moment.

He set himself up in business when he was 19, selling lamp bulbs for motor vehicles to the trade, and he gave himself 10 years to own a Rolls. He just made it.

Now M. D. Shocket and Co. has a turnover of about £220,000 and is planning operations in all the major Common Market

countries.

The company gets its bulbs

from the major manufacturers.

They are then sold under the

Florida brand name direct to the

bulbs from England.

Eventually, extension of the range of bulbs he holds to cover the major European car makes would enable him to set up throughout the EEC.

"The big bulb producers simply cannot compete with us in direct selling," says Shocket. They have the expertise in manufacture: we have it in selling. Some have tried direct selling and have come a cropper.

But what about a take-over? "Expansion is going to come from internally-generated income," Shocket asserts. "There is no outside money in the company and that's how it will stay."

"I started the company on £19 saved in sixpences in a Dimple Haig bottle. I am not going to lose it now."

This year Shocket is shooting for a £400,000 turnover and £80,000 export sales.

"I'll stay in the business," he says. "I know how to sell lamps. The trouble is, I don't know what to aim at after I get the new Rolls."

"How about a company aircraft?" I suggested.

#### KNOW-HOW

### Chloride deal with Italy

THE Italian company FLAMM, a manufacturer of lead-acid batteries and a leading company in the manufacturing and marketing of electro-magnetic and electropneumatic horns for motor-vehicles, has signed a technical agreement with the Chloride Group, the makers of Dade and Dagenite batteries.

Under this agreement FLAMM will develop its industrial battery production principally in the field of traction batteries for electrically propelled mechanical handling trucks.

It is the 14th technical agreement for overseas battery manufacturers signed by the Chloride Group. It will be serviced by Chloride Overseas, the Group's International Company.

Alkaline Batteries, part of the Chloride Group and Reliance based manufacturer of Alcad nickel cadmium batteries has announced that orders received are running at approximately 15 per cent over budget.

The upward trend in sintered battery sales in Europe is expected to continue in the foreseeable future due to the recent awakening of the public to the need for emergency lighting and power supplies, the company commented.

#### New companies at George Kent

George Kent, the British instrument and process control group, has announced changes in its marketing organisation in continental Europe.

The new structure follows over a year of surveys in European markets, and says Mr. John Lutgens, Group Managing Director, will help in "stepping up sales in Europe, giving better local support to our agents, and making sure that we have the flexibility for further growth."

The new organisation, when completed, will include two new companies, Kent France SA, base din Paris, and Kent Iberia SA, based in Madrid.

The Financial Times Tuesday October 19 1971

## BUSINESS IN BRIEF

### Ford plans £3.4m. assembly plant in Congo Kinshasa

Ford is to set up a £3.4m. car and commercial vehicle assembly plant at Kinshasa, in the Democratic Republic of the Congo.

The plant, which is due to go into production early in 1974, will have an initial capacity of 6,000 vehicles a year and a longer term capability of 10,000 vehicles a year.

Assembled at the plant from completely "knocked down" components will be the Escort and Cortina and the Transit and "D" Series commercial vehicles ranges. Initial annual production capacity will be divided between 3,500 cars and 2,500 commercials.

The first overseas order for the new production line Midi buses has been announced by J. H. Sparshatt and Sons of Portmouth.

Negotiated through the British Leyland export department it is for four 25 seat buses for Lusaka Public Transport Corporation, Zambia. The buses will be built on British Leyland FG 550 chassis.

#### SOUTH AFRICA

### £1m. computer sale by ICL

Two ICL System 452 computers, together valued at £1m.

have been ordered from International Computers (Pty) by the Allied Building Society.

The computers will form the centre of an on-line system which will increase the society's branch and agency client's direct participation in service benefits.

The Allied—one of the "big three" building societies in South Africa—was the first building society in the country, through the former Johannesburg Building Society with whom it amalgamated, to introduce an on-line system to its clients in 1966.

The new system will be able to handle more than

double the number of accounts now 780,000—over the next few years.

## Sheffield decides on go-it-alone trade bid

IN AN attempt to capture a share in the Swedish and other cities.

In conjunction with the Tugende shipping company it is hoped to bring some 60 visitors from Sweden to Sheffield for week-end package tour visits.

Local companies will be able to exhibit in the 420,000 square feet display area at a nominal cost of under £150 each. Companies producing steel, cutlery and silverware are particularly invited to take part.

The plan is the forerunner of others in Germany, France, Belgium and possibly Italy and there is also a scheme for promotions in America next year.

## WINDSORS (SPORTING INVESTMENTS)

### Improved Profits and Increased Dividend

The Annual General Meeting of Windsor (Sporting Investments) Limited was held on October 18 in Leeds. The following is an extract from the circulated statement of Mr. Jim Windsor, Chairman and Joint Managing Director.

The year under review shows an operating profit of £1,252,546, an increase of £227,505 over 1970. Betting Taxes and Levy and Corporation Tax absorb £1,054,291, leaving a group net profit of £198,255 (1970 £138,525).

An interim dividend of 25% was paid on 24th March, 1971, and your Directors have pleasure in proposing a final dividend of 65%, making a total of 90% for the year (1970 50%). Holders of 927,000 shares have waived their rights in respect of both these dividends. Appropriations in respect of Goodwill of Branch Offices and Fixtures and Improvement amounted to £15,155 (1970 £67,427).

The increase in Licensed Betting Offices on the carefully selective basis mentioned in last year's Report continues and at the present date your Group controls 183 offices in this division. Turnover for the four month period ended August shows an increase of 24% compared with the same period in 1970, but net profit shows a reduction of 15%. Considering the poor racing results in June and July this reduction was to be expected and your Board feel that with its close scrutiny of operating costs and outgoings the figures for the year ending May, 1972, should not be disappointing.

The report and accounts were adopted.

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## European News

## Russians urged to economise

By Michael Simons,  
East European Correspondent

THE SOVIET authorities' concern that more economic use should be made of installed capital equipment and that forward planning for new projects should be improved is sharply underlined in the reports just published in Moscow of the Party Politburo's consideration of the draft Five-Year Plan.

The reports also draw attention to the need to save money at all levels for new projects and, indirectly, to re-build and renovate rather than introduce new plant. They also urge that mechanisation and automation should be stepped up "in all sectors of the national economy."

In addition, note is also taken—though, once again, indirectly—of the shortages that exist, particularly in the food sector, at a time when the planners have promised to improve Soviet living standards. "During the discussion on the Plan," said a Moscow home service broadcast, "the paramount importance was again stressed of a further upsurge in agriculture to satisfy more fully the demands of the people for food products and the manufacturers for raw materials."

The Party warns the Ministries at national and republican levels, to economise more stringently, to ensure that better use is made of available reserves; and to improve the management both of the production line and the work-force itself. A further strengthening of "state and discipline" is called for.

The note of urgency in the reports will not comfort hard-pressed managers who are constantly exhorted, despite admissions of poor raw material and equipment supplies, to increase output. The consumer awaiting the promised better deal is also reminded that this could only be achieved through stricter "discipline."

But broadly the emphasis reflects the pre-occupations of the leadership that have been apparent ever since the first outlines of the Plan were published. At the Party Congress last April

Belgium will not order mass expulsion

By Our Own Correspondent

BRUSSELS, Oct. 18.—BELGIUM will not order a mass public expulsion of Soviet diplomats from British lines in Brussels, despite the disclosures of a Russian trade official who defected to the west from the former Soviet Union two weeks ago.

This was made clear in a Foreign Ministry communiqué issued here-to-day, which for the first time officially confirmed that the official 38 year old Mr. Anatoli Tchobotarev had sought asylum in the U.S.

The Foreign Ministry admitted that the information supplied by Mr. Tchobotarev would be useful in completing inquiries into Soviet espionage activities in Belgium already underway. But it said that the matter would continue to be dealt with via diplomatic channels, and "without publicity."

Thus although it is now virtually certain that various Soviet officials currently in Belgium will be discreetly asked to leave, or alternatively recalled to Moscow, the Belgian Government is doing its utmost not to sensationalise the affair.

Belgium is in a particularly delicate position... it is host country to the headquarters of NATO and SHAPE, and must be seen to be protecting their secretariat. To-day's communiqué stated that the Government would not tolerate any activity that might endanger Belgian security or that of the international organisations situated on its territory.

On the other hand, M. Pierre Harmel, the Foreign Minister, is one of the leading Western advocates of detente with the East Bloc. In addition, Belgium is the country that has been specifically charged by the alliance to prepare the exploratory visit of former NATO secretary general Antonio Brosio to Moscow.

WASHINGTON.—The U.S. State Department announced on Monday that Mr. Tchobotarev was in the U.S. after having been granted political asylum.

## Agnew official Greek visit over

By OUR OWN CORRESPONDENT

S. VICE-PRESIDENT Mr. Spiro Agnew to-day wound up his official part of his visit to Greece during which he had the opportunity to discuss NATO affairs, Greece's military requirements and the position of the U.S. Government towards the Greek military regime. During his three-day official visit Mr. Agnew had several hours of talks with the Prime Minister George Papadopoulos including an unheralded two-hour private meeting at the Premier's house on Sunday.

Although official statements did that the talks concerned Greece's role in NATO and its defence problems there has been speculation that the

subject of Greece's return to parliamentary rule were touched on. Both Greek and American sources have conceded that the commitment Congress would more readily approve the military rule to Greece was directly related both to Greece's NATO membership and the question of U.S. military aid to Greece. The

To-morrow Mr. Agnew and his wife begin a four-day private move to cut back the \$1.8m. visit to Greece including a five-hour stay at his ancestral town of Gargalani in the southern Peloponnesus. Premier Papadopoulos and the two other members of his military triumvirate will accompany him on this trip, which was to be a private affair.

Mr. Agnew urged the Greek

## Banks criticise Bonn for failing to find 'European solution'

BY MALCOLM RUTHERFORD

BONN, Oct. 18.

THE WEST GERMAN Government came under heavy criticism to-day from the Federation of German Banks for failing to make greater efforts to reach a "European solution" of the international monetary crisis, and for allowing Germany to appear as the "troublemakers" on the European monetary scene.

Dr. Alwin Muenchmeyer, the federation president, told a Press conference that the task of European unity was so important that Germany would have to take measures which it basically disliked in order to bring about. He made it clear that he meant a degree of exchange control to prevent speculative capital movements which was always unacceptable to Prof. Schiller, the Economics Minister.

Dr. Muenchmeyer said that the question of exchange rates need only be a part of European negotiations for a common solution. Just as important was the creation of new instruments to prevent monetary disturbances. When the Common Market and perhaps Britain as well had agreed on this, and their partners in a new and lasting relationship, each other, there could begin negotiations with third countries over a new monetary system and there is a clear feeling that any bilateral U.S.-German arrangements would hinder a "European solution."

## OECD will go ahead with trade committee

BY ROBERT MAUTHNER

PARIS, October 18.

M. EMILE VAN LENNEP, the unanimously appointed OECD Secretary-General, in pointing out that such a decision tends to go ahead with the one the major members had agreed in principle at voiced its opposition, and a ministerial meeting last June, regard it has yet another in spite of continuing dispute in about its membership.

Following objections by Italy and Holland against their initial exclusion from the committee, these two countries have finally been allowed to participate. This brings the total membership to 12, including its independent chairman, M. Jean Rey, and a representative of the Common Market Commission.

Far from settling the issue, however, the admission of Holland has now provoked Denmark into proposing an extension of membership to all OECD members, a step which would rob the committee of much of its effectiveness.

M. van Lennepe, convinced that if the committee does not start work soon it will become a dead letter, has therefore obtained the agreement of all the other interested countries to hold a first meeting in Paris next weekend. The question of its final composition will, however, remain on the agenda of the Organisation's Council of Ministers.

The Secretary-General's action has aroused the anger not only of Denmark but other small members of the OECD, in which decisions must normally be taken in Geneva.

## Comecon joint income up by 42.5% in 5 years

BY A. H. HERMANN

THE AGGREGATE national income of Comecon countries increased in 1970 by 13 per cent and by 54 per cent during the five-year period. Intra-regional trade now represents 60 per cent of the turnover and is planned to increase by half during the next five years.

Another claim made in the report concerns the expansion of Comecon's economic relations with developing countries in Asia, Africa and Latin America. The Comecon secretariat answers the doubts about the efficiency of Communist economic aid by stating that of the 2,400 projects sponsored more than half are now operational.

The claimed growth of national income would bring Comecon's share of the world total from 24.3 to 27 per cent. Calculation of national income figures is however greatly influenced by the methods adopted, so that world-wide comparisons are often misleading. Comecon's economic growth seems to be more realistically reflected by the figures for industrial output reported to have risen by 49 per cent between 1968 and 1970.

Altogether, Spain sold about £28.36m. worth of products to Eastern Europe last year as against £27.76m. worth of imports.

The aggregate foreign trade of

## Italians expected to offer aid to Malta

By Our Own Correspondent

VALLETTA, Oct. 18.

ITALY is expected to make an offer of aid to the Maltese Premier, Mr. Dom Mintoff, on Thursday when the Italian Deputy Prime Minister, Professor Francesco de Martino arrives here to negotiate a deal which would allow Italian warships to use Maltese port facilities.

Dr. Muenchmeyer also called for an end to floating, but admitted it could not come overnight by a unilateral D-Mark revaluation. In this case, the Bundesbank must resort to "dirty" floating to keep the revaluation premium down. The criticism that the Government is not doing enough to co-operate with France is an old theme of German politics, and is coming to dominate the monetary debate as the two countries continue to disagree on monetary questions.

It is understood that Prof. Schiller has also been criticised in Cabinet for failing to be more conciliatory to Paris.

To-day's concession that the effects on France was reflected in the first comments on the reports that the U.S. is considering exempting West Germany from the full effects of the 10 per cent import surcharge. Although an Economics Ministry spokesman this morning welcomed the reports, Herr von Weizsaecker, the Government spokesman, said later the Government had called for a full text of the American statements and could not comment until it had studied them.

The reaction from Dr. Muenchmeyer and the Banking Federation was not remarkable for attracting top management personnel—the task fell to McKinsey and Co. The management consultants' report is now out, the trade unions are already in with their "no redundancy" demands, and the Government itself is right in the middle with the inevitable hold-out. It is recommended that recommendations will be considered "after consultation with the concerned concerned."

The first thing to say about the McKinsey report (apart from its seemingly exorbitant price of £3 a copy) is that it promises little immediate consolation to the taxpayer and even less to most rail users. The prescription is marginally to trim the existing rail losses by a hoped-for £m. annually, principally by a combination of further closures—both passenger and freight—and by attracting more customers to the commuter services through better and more efficient ser-

## IRISH RAILWAYS

## Time for an overhaul

BY DOMINICK J. COYLE, DUBLIN CORRESPONDENT

THE IRISH State transportation network, Cúras Iompair Éireann (CIE), has one great claim to fame: it was the first fully dieselised rail system in Europe. Increasingly in recent years, it has developed a much less enviable reputation by demonstrating a marked tendency to push up its annual losses at a much faster rate than the Government is prepared to increase its operating subsidy. The net loss was more than £3m. in 1969-70; it exceeded £8m. last year, a turnover from all services up by 8 per cent to £37m.

This is not quite the end of the line, but the Government plainly got the message that a major junction lies ahead. The time has come for a detailed look at the system and its finances and (even more so) to define the role of public transport in the changing Irish environment. Since there was not a Beeching in sight—CIE has not been remarkable for attracting top management personnel—the task fell to

McKinsey team has certainly highlighted, is that CIE's main financial problem involves under-use of the rail network with its 212 diesel locomotives, some 9,500 wagons and a labour force of close on 10,000 men. On the capacity of existing trains;

## CIE Rail Revenues and Costs (Years ending March 31)

	1956	1966	1968	1970	1971**
Passenger revenue (£m.)	2.63	4.09	4.77	5.58	5.97
Freight revenue (£m.)	4.05	5.62	5.59	6.17	6.50
Total revenue (£m.)	6.74	9.3	10.2	11.9	12.55
Total cost* (£m.)	7.96	11.85	12.4	15.0	17.28
Loss (£m.)	1.2	1.8	2.2	3.1	4.7

Average receipt per passenger-mile (p)

Average receipt per ton-mile (p)

Operating ratio\*\*

\* Before financial charges

\*\* Ratio of total revenue to total cost (before financial charges)

Source: McKinsey Report

freight side, four out of every 10 trains throughout the network handle, on average, only one increased journey times, especially when there are many stops.

The passenger situation is similar. Existing trains are proving less popular, with 40 per cent of all stations last year sold repair.

Overall, however, CIE's problem is the nature of the area in which its operators—Ireland's low population density is not conducive to sustaining a profitable rail network, and the position is aggravated for any national carrier by what the McKinsey team calls the country's "limited and localised industrial capacity and inefficiency, and it is recommended that they be developed to play the maximum role possible in

The application of strict commercial criteria would, of course, reduce rail and road services to a minimum, but the odds are very little to attract bright new recruits to the company.

Whatever the administrative inconveniences involved, the Government may now feel it would be wise to accept and implement the principle that State subsidies should be clearly

suggested as a possible source of finance for a major reorganisation.

Otherwise, there is a suggestion that the manner of paying stock.

In this context the management consultants have isolated a task for consultants, although it should be altered so as to make explicit the relationship between number of problems which CIE might have been of political advantage to the Government if nothing simply by asking their McKinsey had been prepared to

The second aspect of the regular commuters. These are: spell out precisely which parts of the rail and bus services should get the chop.

The report falls short of naming names, but it does contain a number of pointed suggestions. The Government is still left with the decision on which lines to close, and it is difficult to see how such action can be taken in isolation. The much wider issue of regional development policies following publication of the detailed Buchanan Studies remains unresolved after more than two years, and the link between the two questions is obvious.

McKinsey has shot holes in the widely-accepted notion that most uneconomic transport services tend to be provided by sparsely populated western countries. A number of uneconomic services are, in fact, in areas which can reasonably be expected to get a new lease of industrial life in the wake of EEC entry.

Whether CIE's management can get a badly needed shot of entrepreneurial spirit from implementation of the McKinsey recommendation on a new subsidies policy is another question, but the odds are that it would help morale. The present pattern of operations guarantees recurring deficits and a climate in which success has something of a negative rating. A policy of merely containing, or at best gradually reducing, sizeable losses does very little to attract better and more efficient ser-

rvices.

The poor acceleration when trains are fully loaded results in increased journey times, especially when there are many stops.

The passenger situation is similar. Existing trains are proving less popular, with 40 per cent of all stations last year sold repair.

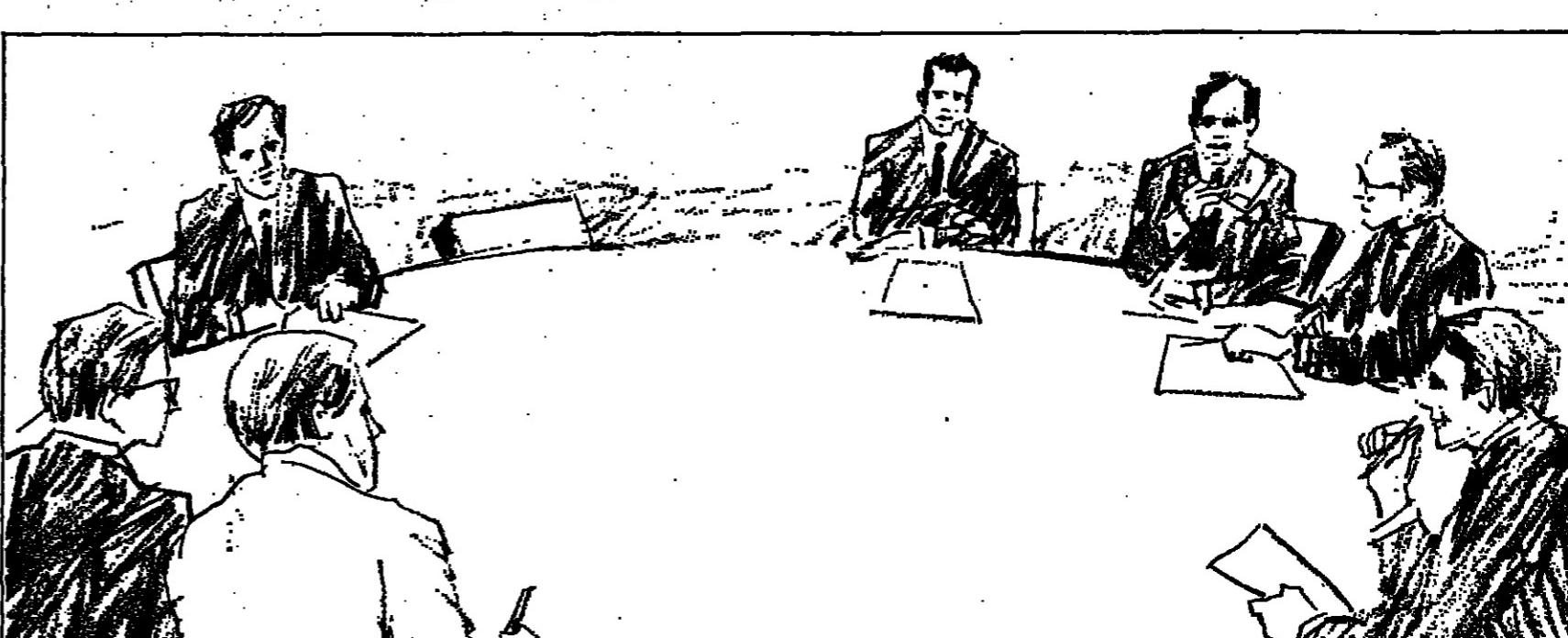
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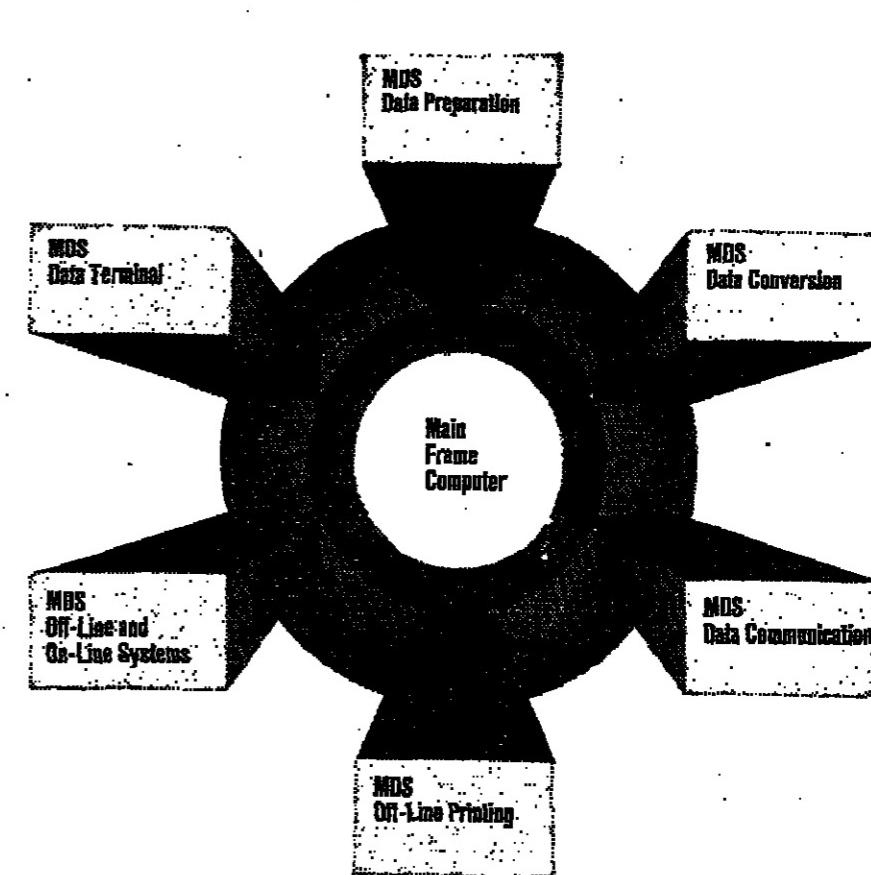
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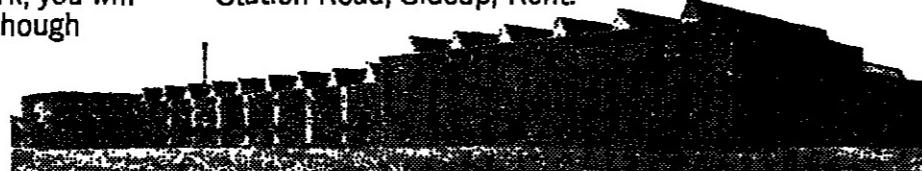
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Spend more on industry research Heath told

A WARNING to Mr. Heath to put more money into industrial research and development or lag behind the Common Market countries, is given to-day by the Institution of Professional Civil Servants.

The Six—particularly Germany—were increasing financial support for industrial research, it adds.

Mr. Heath is asked not to handicap British industry competing with the Common Market countries by giving less support.

It is clear industrialised countries are giving massive support to the development of technology, both civil and military, by various means, says the Institution.

In the past support for research had been lapsed—concentrating on defence, aerospace, electronics and nuclear power. Yet the mechanical and engineering industries, which contribute much more to the balance of payments, have been comparatively neglected.

The civil servants' views are in a booklet: The Role of the Government's Industrial Research Establishments in the 1970s.

#### Demands

The booklet rejects the notion that the sole purpose of industrial research establishments must be to pay their way. It analyses the different demands made on them by the Government on behalf of the community (for instance in tackling the problem of industrial pollution) and on behalf of industry (for instance, the national standards work carried out by the National Physical Laboratory), and by individual companies.

It sees scope for increasing the amount of work done for, and with, individual companies on a contractual basis. But it would also be necessary for directors of establishments to be given much greater powers to develop this kind of work where possible and to encourage them to charge for it depending on the circumstances.

The institution also urges the Government to make it easier for staff to interchange between its research establishments, industry and the universities.

A call is made for an end to the recurring reviews to which research and development establishments are being subjected, in some of which there had been three major reviews in eight years with four major departmental reorganisations.

#### Resignations to-day by Art Panel members

ALMOST the entire 24-member Fine Art Panel of the National Council for Diplomas in Art and Design has decided to resign in protest at Government policy over art colleges. The resignations, to be announced to-day, are a demonstration against the Government's policy of merging independent art colleges with the new polytechnics.

Twenty-one panel members—among them principals, heads of department, and lecturers—are to resign. The chairman, Mr. Martin Troy, is expected to announce his resignation separately later.

The resignations reflect concern about the long-term effects of the merger policy, which has been going on for some years.

Opposition is likely from the three existing fuel suppliers who are watching developments. Some of their executives are concerned about the eventual award of a monopoly supply contract.

# Guernsey flower transport plan delayed

BY OUR OWN CORRESPONDENT

GUERNSEY, Oct. 18

A STATUTORY flower transport authority expected to be inaugurated in Guernsey and no Air Transport Licensing Board licence for such a service.

However, the Guernsey Growers' Association has since said it has been in touch with ten different airlines.

No new competitor may well be Sagittair, which is to apply to the ATLB for a freight licence to operate from Castle Donington and London to Guernsey and Jersey to be effective from "the earliest possible date."

Sagittair, which is not yet established in Guernsey, has been operating for 18 months with three Beech aircraft and two Argosy freighters.

#### Complaints

Opposition to their application is expected from at least BSA and BLA who have indicated they will fight to retain their existing flower export business from Guernsey.

Guernsey's Chamber of Commerce is investigating complaints from transport company members about the way in which the Growers' Association has handled the preliminaries. The complaints allege there has been a lack of consultation either with the growing industry or with existing carriers.

## Changes in Tomato Board constitution urged

GUERNSEY, Oct. 18

The island's fuel market is shared by Shell-Mex and BP operating through Fuel Supplies (CI), Esso, and Sarnia Oil.

#### £2.5M. INDUSTRIAL ESTATE PLAN

Worsley Urban Council has entered into partnership with Arrowcroft Investments, the Mayfair-based development group, for a £2.5m. industrial trading estate at Little Hulton, near Manchester. Site area is about 15 acres and some 500,000 square feet of industrial and warehouse premises will be erected.

Construction of 32,000 square feet of advance units will start almost immediately and when the project is completed it will provide "several hundred jobs," it was announced.

#### MILDENHALL SCHEME STARTS

Work began yesterday on the redevelopment of Mildenhall Town Centre.

When it is completed in just under two years' time Mildenhall, a London overspill town, will possess a supermarket, restaurants, 16 shops and offices in a series of linked courtyards where only pedestrians will be allowed. An agreement for the scheme has been signed by the rural council and the developers, Rocday Properties, of Old Market Street, Thetford.

## ITALY

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3. While cruising over the Middle East, settle back and enjoy a good film\*—like "Aristocats", or "Madigan's Millions". Later liven up the Hong Kong-to-Darwin hop with another—like "The Million Dollar Duck", or Julie Christie in "The Go-Between".



JULY 1971

## Other Overseas News

### Warplanes from U.S. sent to Pakistan

Our Own Correspondent

BEDRUT, Oct. 18. TWENTY-FIVE U.S.-supplied military aircraft have arrived at West Pakistani air bases from Saudi Arabia in the last 10 days according to high-ranking Pakistani diplomatic sources in the Middle East. The sources said the aircraft had been supplied to the Saudi air force under arms contract with the U.S.

A big Pakistani air training mission is working with the Saudi airforce, and the sources stressed that the aircraft were being flown by Pakistani pilots and were presumably being trained at the Pakistani Air Force. The sources added this should be seen as an act of solidarity by the Saudis when Pakistan was under pressure.

Meanwhile, all Pakistani air and military training missions and delegations to Arab countries are stand-by to return to Pakistan within an hour's notice according to Arab military sources in the Middle East. Pakistan has air training missions in Libya, Jordan and Syria as well as Saudi Arabia.

India 'does not want war' but...

NEW DELHI, Oct. 18. INDIAN Prime Minister Indira Gandhi, said to-day India did not want war with Pakistan but had to be prepared against threats coming from that

country. Informed sources said Gandhi made this clear in a meeting more than two hours ago with President Tito of Yugoslavia.

He said India had taken only defensive precautions and had no military movements only offensive moves by Pakistan's evacuation of border areas and the launching of a "crush campaign."

Ms. Gandhi told the President India could not keep the more than 1.5m. East Pakistani refugees long. She rejected as baseless Pakistani charges that India sent infiltrators into East

istan. There were some 200 guerrillas fighting for an independent Bangla Desh, she

was believed this was the time the Indian government spoke of such a high figure perillas, consisting of 50,000 members of the Pakistanis or para-military organisations and 100,000 young volunteers.

Sources said the Prime Minister impressed upon Mr. Tito India was only involved in crisis because of the influx of refugees. Reuter.

## Foreign investors become net sellers on Tokyo SE

BY OUR OWN CORRESPONDENT

FOREIGN investors have become net sellers on the Japanese stock market recovery from the 15-month-old market, with sales over the past two weeks totalling about \$20m. Japan currently seems to be facing more than purchases, according to officials of the Tokyo stock exchange.

Until the first of this month, foreign investors had been buying more than they were selling. Exchange authorities revealed the new trend during today's Tokyo meeting of representatives of local city banks and securities houses under the sponsorship of the Federation of Bankers' Associations of Japan.

Selling by foreign investors has been increasing over the last few days. More than 25m. shares were unloaded by foreigners during the last three days of this past week, for example, market specialists reported that the American investors appear to be leading the bear trend.

Gilt-edged issues are chiefly being sold off, with other types of securities following. "The bear psychology seems to be catching on among the foreigners," said one market authority. The phenomenon has been attributed to three basic factors:

### Financial circles

Tokyo stock exchange specialists believe that foreign investors are switching their funds to European and American markets and that the trend will continue along the present lines for some time to come, particularly since the percentage rise in the floating exchange rate of the yen seems to be approaching that of the D-Mark.

Financial circles in Tokyo believe that the Bank of Japan intends to intervene only to prevent the yen from being revalued upward by more than 10 per cent against the dollar or a final revaluation of around 12.5 per cent is suggested.

TOKYO, October 18.

As of October 8, the D-Mark was 10.47 per cent above parity and the yen was up 8.18 per cent. But last Friday the D-Mark was down to 9.75 and the yen was up to 9.27 with the dollar quoted at less than 330 yen. As matters now stand, it appears that Japan's excess of dollars from the nation's continuing payments surplus may keep pressuring up the yen.

Most observers here feel certain that the yen will soon gain in value to the point where it passes the D-Mark. According to Finance Ministry and Central Bank authorities, this is unavoidable since the rise in the value of the D-Mark stems mostly from the inflow of short-term foreign capital while the gains registered by the yen result from Japan's heavily favourable payments balance situation.

In the meantime, both the Finance Ministry and the Central Bank are under pressure from Japanese business interests to revalue upwards unilaterally. A new parity of about 320 yen to the dollar or a final revaluation of around 12.5 per cent is suggested.

## Bid to curb S. Africa's imports

BY OUR OWN CORRESPONDENT

IN A BID to slash the currently high level of imports, South Africa's Minister of Economic Affairs, Mr. Lourens Muller, to-night warned traders not to import more than they immediately needed. If the Republic were forced to tighten import control, he explained, those importers applying for excessive permit allocations could find themselves at a disadvantage.

"It is quite conceivable that any future reduction in permit issues should this be forced on South Africa by exceptional circumstances, will be related to domestic sales of our own goods. Instead of (as is presently the case) import performance during any particular base period," he said.

JOHANNESBURG, Oct. 18.

This is a clear warning that those traders presently selling imported goods at the expense of local products could have their import permits reduced disproportionately in the event of a general tightening of import control.

Mr. Muller, who was opening the annual congress in Durban of the Association of Chambers of Commerce of South Africa, stressed that the Republic could not intensify import control without failing foul of its GATT obligations. But if South Africa should, as a last resort, apply measures to intensify its remaining import restrictions in order to arrest serious decline in its reserves, it is more than likely that the reduced permit allo-

cations will not be based on the import performance of individual traders during any previous period."

In 1969 South Africa invoked article 12 of GATT which allows import control as a measure to protect a deteriorating balance of payments position. Since then, however, Pretoria has stressed that import control would not be dismantled completely until such time as greater tariff protection could be negotiated. Meanwhile, the current account of balance of payments has deteriorated dramatically, and it has only been an unprecedented inflow of foreign capital, including Government loans, that has prevented the reserves from plummeting to crisis level.

## African leaders discuss dialogue

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

OPPOSITION to dialogue with South Africa and renewed dedication to the goals of regional economic co-operation are the main subjects at the summit conference of 14 East and Central African states which opened yesterday in Mogadishu, capital of Somalia, yesterday.

At their three day meeting, the Heads of State and other delegation leaders have before them two draft resolutions, one condemning South Africa's alleged aggression against Zambia earlier this month and the other urging more support for African liberation movements. Extended regional economic co-operation, backed by the Economic Commission for Africa and, in part, envisaging an enlargement of the East African Economic Community, are also due for discussion.

BRITAIN is making a further contribution of £7.5m. for the relief of refugees from India in East Pakistan to

Southern Africa could only take place on the basis of the recognition of full equality of peoples between the two countries.

Sudanese President Nimirai, whose country has in the past supported Ethiopian dissidents, may also join a discussion of general security in the area.

The conference is one of a series held in East Africa over the past few years. It was at their 1969 meeting that the group produced the Lusaka Manifesto, which laid down the

heads of state are representatives from Kenya, Zambia, Uganda, Burundi, Congo-Kinshasa, Malawi, Ruanda, the Central African Republic and Chad.

## U.K. £8.5m. relief help

BY OUR FOREIGN STAFF

However, the conference may well turn out to be as important for what it achieves "in the corridors" as in formal sessions. Only five Heads of State are present—Congo-Brazza, Tanzania, Sudan, Somalia and Ethiopia—but the presence of Emperor Haile Selassie on his first visit to Somalia could well

be given nearly a fifth of the total in cash and kind.

## AUSTRALIA

## Labour makes a bad start

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

ONE CANNOT help recalling praises that his policy brought speeches and indeed that unless he toed the party line, he would firmly oppose. The two men have never found many points on which they could agree, and at the same time, attacks were made on some of the peripheral policies that Mr. Whitlam has been discussing like abortion and reform of the law on homosexuality. He was told to forget about these things, and concentrate on "bread and butter" matters."

The real significance of all this, however, was that it showed quite clearly that the unions are still in charge of the ALP, and not the new crop of middle class radicals like Mr. Whitlam (he is the QC). This meeting demonstrated that the middle class radical alliance to the conservative working class is not complete. This has always been the great obstacle to success for the ALP—a widespread feeling among the electorate of fear of the cloth-cap working man syndrome that is the history of the Labour Party. Until this incident, this image had been forgotten. Now, it has given the Government and others who are opposed to Labour a chance to sit back on that old issue.

It is even more unfortunate for both Mr. Whitlam personally and the party as a whole. This is the first time since the Liberals won power in 1949 that Labour has looked like winning an election. So strong has been the feeling of change that the business men and industrialists, either individually or in their industry groups, have instituted a round of talks, dinners and discussions with the leaders of the Parliamentary Labour Party, and the prospective cabinet to get to know them, exchange views and ensure that each side is aware of the problems and ideals of the other.

These talks will undoubtedly continue. The one ray of hope comes from a few senior Labour members who, in the interests of maintaining unity and winning the next election, are prepared to close ranks. Dissent, however, still remains among them like Mr. F. Daly, for a long time "shadow" immigration minister whom Mr. Whitlam fired this week because of their disagreements on inflation policy (evolving around coloured needs, to win).

So, for Mr. Whitlam, this has been a long, long week. But at least he has the comfort of knowing that there will be many more weeks between now and the election he dearly hopes, and

immigration which Mr. Daly firmly opposes. The two men have never found many points on which they could agree, and at the same time, attacks were made on some of the peripheral policies that Mr. Whitlam has been discussing like abortion and reform of the law on homosexuality. He was told to forget about these things, and concentrate on "bread and butter" matters."

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## Insider dealing alleged in Australian company

BY OUR OWN CORRESPONDENT

CANBERRA, Oct. 18.

MR. E. R. HUDSON, former chairman of Queensland Mines, about Nabarlek to protect other shareholders.

On September 1, three weeks before the first drill assay results were available, Mr. Hudson issued a statement that "indicated reserves" at Nabarlek were 55,000 tons. Last month, the Select Committee on the securities industry was told in Rosselish, the Manitoba, is likely to be re-

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## Iraqi leaders deny 'power struggle' talk

BY OUR OWN CORRESPONDENT

BEIRUT, October 18.

IRAQ'S two top leaders denied allegations of a power struggle inside the regime, and the result of a power struggle was not but was a change of functions inside the party leadership. "It was the result of self-criticism within the party," they said without elaborating.

President Ahmed Hassan Al Bakr said Iraq is run by a collective leadership within the ruling Baath Party. Mr. Sidon Hussein Takriti, vice-chairman of the Revolutionary Command Council, the highest authority in the state, emphasised: "I am not the number one man in the regime." He said President Bakr, with vested constitutional authority, was the top leader.

Both spoke in interviews with the editor of Kuwait's Daily Al Siyash. The interviews have been reproduced by the official Baghdad Radio in what appeared to be a campaign to refute widely-spread speculations about struggle inside the regime that came to power in a military coup in July 1968. The speculations insisted that Mr. Takriti was the regime's strongest man, and that he was consolidating his position because of his recent illness.

Both leaders said the removal of Mr. Bakr next month was essential to issue a statement in London.

President Bakr had charged that the unilateral cancellation by Tehran two years ago of the treaty with Iraq on navigation in Shatt Al Arab "was meant by Iran to seize part of our border area."

Mr. Takriti also declared that Iraq had no territorial ambitions in the Gulf region. "All we want is to see the Gulf remain Arab," he said, and insisted that concerning the border conflict with neighbouring Iran: "We shall calculate by the millimetre."

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## PARLIAMENT



Question-time

## Legal R-R row denied in Commons

By Our Parliamentary Correspondent

QUESTIONED in the Commons yesterday about the Rolls-Royce patents now held by the Government, Mr. David Price, Parliamentary Secretary for Aerospace, said: "It is quite wrong to suggest that there is anything of the nature of a major legal row."

He had been asked to comment on allegations that millions of pounds worth of royalties might be lost because of the way in which the Government took over the Rolls-Royce patents.

Mr. Price replied that the patents were transferred to the Government in order that their use should be safeguarded. Various consequential arrangements were now being worked out.

When asked about the position of the 10,000 or so worker shareholders of Rolls-Royce, Mr. Price assured the House that the Minister of Aerospace had got the problem "very much on board." But it would be difficult to make any further report until the Receiver and the liquidator had made a little further progress.

The RB-211 contract had been successfully renegotiated and Rolls-Royce (1971) Ltd. now had a programme of work which should maintain its position in the forefront of world aviation.

Mr. Michael Noble, Minister for Trade, said it was hoped to announce the chairman of the new British Exports Board very shortly.

## Metrcation

A "certain amount of confusion" over metrcation was admitted by Sir John Eden, the Minister for Industry, when he stated that it was hoped to announce the publication date for the White Paper on the matter within the next few weeks.

When Mr. Peter Emery (Con., Honiton) warned that public opinion was very much against any direct action by the Government to force the use of metric measurements, Sir John commented that discussion would have to take place on the White Paper before there was any question of introducing a Bill requiring metrcation.

## Hotels

Mr. Robert Adley (Con., Bristol North East) called on the Government to press ahead with the implementation of the section of the Development of Tourism Act 1969 requiring the registration and classification of hotels.

Sir John replied: "I am consulting the Tourist Boards and other Departments concerned, and am awaiting the study commissioned by the English Tourist Board, which is expected to be available by the spring."

## Inquiry rejected

Mr. C. Cant (Lab., Stoke-on-Trent Central) asked the Secretary of State for Trade and Industry if he would set up a tribunal of inquiry to investigate negligence and incompetence by his Department in the conduct of its regular duties in failing to inspect or investigate the affairs of Rolls-Royce Ltd. in January 1970, when the ITC issued its report, and in failing to insist on seeing a complete copy of the said report.

Mr. Nicholas Ridley, Under Secretary, replied: "No, and the imputation is not accepted."

## Soviet spy

Assassination was one of the duties of Oleg Lyalin, whose defection to Britain led to the expulsion of 105 Soviet officials, Sir Peter Rawlinson, Attorney General, disclosed.

"After Mr. Lyalin sought asylum for anxiety over his personal safety, enhanced by the fact that the duties of his department of the KGB also included the elimination of individuals deemed to be enemies of the USSR. These anxieties remain," said the Attorney General in answer to questions on the withdrawal of a drunken driving charge against Lyalin.

## £ worth 10p less

TAKING the value of the pound sterling to 100p in mid-June last year, its purchasing power in mid-August this year had dropped to an estimated 90p, Mr. Terence Higgins, Minister of State, Treasury, told the Commons yesterday. The comparison was based on the movement in the general index of retail prices.

# Labour relations code expected near year-end

By PHILIP RAWSTORNE

The Government's code of industrial practice will be presented for Parliament's approval around Christmas, Mr. Robert Carr, Secretary for Employment, told the Commons yesterday. If it was accepted in the spirit in which it was offered, it would help to foster industrial peace and prosperity.

But as an expression of seasonal goodwill, it signified acceptance but Mr. Carr, opening the debate on the consultative document, did his best to persuade them that there would be nothing objectionable in the package.

## Anxious

The Opposition's refusal to accept the code was not unexpected but Mr. Carr, opening the debate on the consultative document, did his best to persuade them that there would be nothing objectionable in the package.

"By their after-thoughts ye-

shall know them," Mrs. Barbara Castle drolly thought with some risk of self-recognition—declared as she led Labour MPs into the "No" lobby.

He had not even wrapped it up yet, he stressed. And he was anxious that the TUC, in particular, should help him to struggle for over the years, he said.

He wanted to be sure it contained the basic principles of free, collective bargaining, that it did not offend by being too paternalistic; that it gave trade unions their full role.

Mr. Carr urged the unions to responsibility—and tempted them as well by "seriously considering" the addition of something about the "status quo" principle.

The draft code already included many things that the trade unions wanted and had struggled for over the years, he said.

## Unimpressed

But Mrs. Castle was unmoved by this "ritual reasonableness." The code might be gift-wrapped but it was an integral part of the Industrial Relations Act which was being used to reduce the dignity, status and freedom of the unions, she said.

## Just a starting point—Carr

### Tribunals in regions

NEW regional offices of Industrial Relations Tribunals will be set up in 13 towns in England and Wales, and in three cities in Scotland, said Mr. Dudley Smith, Under-Secretary, Employment, in a Commons written reply.

peace. Ultimately, it would improve the satisfaction and opportunity which millions could find in their daily work.

Although complementary, the Code and the Industrial Relations Act were two different things.

"The Act provides legal rights and imposes legal obligations, whereas the Code is a statement of good practice, which in many respects, goes well beyond legal rights and obligations which are usually, by necessity, almost minimum standards."

The "fundamental principle" underlying the Code was that industrial relations in an industrialised, free society, were best conducted by collective bargaining between employers and strong trade unions.

"If this principle is not reflected in the Code—as has been claimed—then I am only too willing to listen to any suggestions for remedying this."

He admitted that the Code would stretch both management and trade unions "rather considerably." But it was meant to do this.

"While I appreciate that small employers will have difficulties, I think the universal applicability of the Code is absolutely fundamental and must be

retained. If we were to depart from it, much of the influence of the Code would be weakened."

He had received many comments but unfortunately nothing of a considered nature from the TUC or from most of the largest trade unions.

The TUC saw fit to issue a Press statement "within minutes" of publication of the document.

"It is obvious that this comment must have been prepared before the document had been properly read, let alone studied or considered by the TUC."

"I do not believe this small employer will have difficulties, I think the universal applicability of the Code is absolutely fundamental and must be

## Mrs. Castle attacks 'double-talk'

Mrs. Barbara Castle, "shadow" Employment spokesman, said that the Opposition would vote against the Government because the code was "the child of the Industrial Relations Act."

Mr. Carr had turned his back on a "moment of maximum opportunity" for consultation with the TUC.

"He deliberately preferred to embark industrial relations."

Every action of the Minister since he took office had been designed to make a scapegoat of the trade unions.

"His job is to nourish conciliation, not conflict, secure fair treatment for Government employees, and battle inside the Cabinet against rising prices and unemployment. Instead, from the moment that he took office, he has done the exact opposite."

"It is no use Mr. Carr coming along with his belated olive

branch when everyone in the House knows that he has been the willing instrument of this Cabinet's economic and political strategy to declare war on the trade union movement. (Shouts of "Nonsense" from Conservative MPs.)

The Government's only strategy for dealing with inflation was to reduce the bargaining power of the unions, she said.

**One-sided**

"How can you expect the unions to sit down amicably with management when every branch of this one-sided code can be used against them in an industrial relations court?"

All Mr. Carr's efforts could not hide the double talk which impregnates the whole of this document."

The code was not a charter for trade unionism and that was

why the TUC would have nothing up to what he was seeking to do to do with it. Nowhere in the Act.

Mr. Tom Swain (Lab., Derbyshire NW) said the Bill was the "most vicious piece of legislation that I have ever listened to in 12 years in the Commons."

"It was bulldozed through by the Government in spite of all the views of the trade unions and Opposition MPs."

Mr. Geoffrey Flushberg (C. Hampstead) said if a referendum on the Code of practice were held, well over 70 per cent.

He would support the Government and condemn the TUC for not doing this.

The then Prime Minister shirked the question.

But what was needed was a much more precise guide to the courts, employers and trade unionists.

Mr. Carr's Code did not match

### Corrosion 'clue' in air crash

THE possibility that corrosion led to a disruption of the flying controls of the BEA Vanguard which crashed, killing 63 people, in Belgium on October 2, is being "vigorously pursued."

The Minister for Trade, Mr. Michael Noble, said that examination of the rear pressure bulkhead had shown that there was corrosion below a position where the flying control mechanism passed through a pressure seal.

"The possibility that the bulkhead ruptured at this point with consequent disruption of the flying controls causing the aircraft to go out of control, is being vigorously pursued."

He told Mr. Cranley Onslow (C. Woking) that the recording on this flight from Heathrow to Brussels had been taken as lightly as it was possible to do.

Baroness White, from the Opposition front bench, maintained that if Britain had already become a member of the European Community, the Bill would not have been introduced.

The Home Office also emphasised last night that no travel assistance to immigrants who have failed to settle down in the U.K. and wish to leave.

It was the last major announcement to be made in the Lords on the controversial Immigration Bill, before the peers gave it a Third Reading.

The Bill now returns for approval to the Commons with about 70 Lords amendments—any other kind of payment which might be regarded as an inducement.

Lord Windlesham hoped that the scheme will bring immigration control into line with present-day British society.

The Opposition considered that a number of the worst aspects had been removed from the Bill during its passage through the Lords, but Labour peers still deplored the "racial undertones" they saw in the legislation.

Opposition front bench maintained that if Britain had already become a member of the European Community, the Bill would not have been introduced.

The Home Office has been unable to make even provisions for the numbers who might wish to take advantage of the scheme, nor the amount of time that would be involved.

The Royal Assent is expected in mid-June, subject to T. Thant's recent appeal to the appeal of Justice Sadruddin Khan, the UN High Commissioner for Refugees.

The humanitarian aspects were indeed a matter of international concern. It was for this reason that Britain made the further payments shortly after the Bill received the Royal Assent.

Actual payments to returning immigrants as a normal operation would not begin until around next April.

Mr. Bernard Braine (C. Essex S.E.) stressed the need to end the suffering of the refugees in East Pakistan.

He asked whether Sir Alec was satisfied that the UN relief programme would ensure distribution to the needy in East Pakistan.

Sir Alec said he had raised this matter with the UN Secretary-General.

Food reserves were quite good; it was a matter of communications and in particular getting food supplies to certain areas up country.

The UN was now in these areas and making suggestions as to how this could be done.

Britain was supplying some river transport as were some other countries.

Sir Alec added: "This brings me to my final point."

Mr. John Stonehouse (Lab., Wednesbury) said that the Genocide Convention had been breached by the Pakistan authorities during the repression of the last seven months.

He asked whether Sir Alec was satisfied that the UN had done its best to end the suffering.

Mr. Stonehouse said that the Genocide Convention had been breached by the Pakistan authorities during the repression of the last seven months.

Sir Alec said he had raised this matter with the Security Council.

As far as the voluntary organisations in Pakistan were concerned, these had been asked by the Pakistan Government to operate in flood areas.

They are doing so to good effect.

## 'Need to watch carefully Pakistan-India situation'

BRITAIN is to make a further £7.5m. available for relief among Pakistani refugees in India and an additional £1m. for relief in East Pakistan, Sir Alec Douglas-Hamilton, Foreign Secretary, told the Commons.

After Mr. Lyalin sought asylum for anxiety over his personal safety, enhanced by the fact that the duties of his department of the KGB also included the elimination of individuals deemed to be enemies of the USSR. These anxieties remain," said the Attorney General in answer to questions on the withdrawal of a drunken driving charge against Lyalin.

Replying to a question from Mrs. Doris Fisher (Lab., Birmingham Ladywood) Sir Alec said he had repeatedly referred to the responsibility for a political settlement in East Pakistan by the Pakistan Government.

Lord Windlesham stressed that the power to provide payment was to be used only to help persons who left in their own interests and at their own wish.

ISS would be in a position to receive written applications shortly after the Bill received the Royal Assent.

The humanitarian aspects were indeed a matter of international concern. It was for this reason that Britain made the further payments shortly after the Bill received the Royal Assent.

Actual payments to returning immigrants as a normal operation would not begin until around next April.

Sir Alec said he understood

## Lord Goodman's aides revisit Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

ATTEMPTS to settle the six-year-old dispute with Rhodesia to be taken yet another stage when the three British Foreign Office officials who accompanied Lord Goodman on earlier missions to Salisbury leave London tomorrow for the Rhodesian capital to-morrow.

According to a Foreign Office spokesman, the three—Sir Philip Adams, Mr. Philip Mansfield, and Mr. Gordon Smith—are to continue the "exploratory talks" begun by Lord Goodman last April.

On the other hand Sir Alec Douglas-Hamilton, the Foreign Secretary, said in an SBC interview on Sunday that he had not yet made up his mind whether to visit Salisbury.

On Monday he made it clear to the Common Market vote is to be postponed until November.

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ■ SOFTWARE

### A bright future for experts

URNOVER at Computer Analysts and Programmers (CAP) has risen for the ninth successive year, despite the hiccup in U.K. software business in the second quarter, the chairman, Mr. Alex Agapeyeff reported yesterday.

"CAP grossed over £1.1m. in fees in the 1970-71 operations year, up against £830,000 in the preceding year, a figure and a growth rate which is respectable by any standards in the software world."

Looking ahead to next year, the chairman anticipated that the 97% result would be somewhere between £1.2m. and £1.3m. But profits, because of inflation, could be no higher and might even be less, which was why CAP proposed to raise fees by 15 per cent.

d'Agapeyeff was extremely concerned at the damage done to the software industry in recent months. Yet the "Big Five" in software had remained remarkably stable and this was due to the fact that they had the confidence of the big users. For its part, CAP was engaged in assisting projects which, at this moment, involved the procurement of a total of £120m. worth of hardware. It was extremely difficult for CAP to publicise its work since such a large amount of it was confidential to major clients.

## ■ COMMUNICATIONS

### Powerful units for a tug

ADIO communications facilities for the Lloydsman, entering service as the most powerful tug ever built for a British company, were provided by the marine division of Redifon Telecommunications.

Redifon planned and fitted the entire radio station, together with the vessel's TV and radio entertainment networks, the latter incorporating a selective calling and inter-communication system.

A closed-circuit TV installation permits the cable drums on deck winches to be monitored remotely was also provided.

With radio staff maintaining a 24-hour watch, Lloydsman is able to keep a continuous guard on all

However, he could say that CAP was some sort of IBM subsidiary by pointing to the split of work between manufacturers and the year under review—33 per cent to IBM, 20 per cent in U.K. operation in yields in the Univac and 12 to ICL. However, course of the next 12 months,

at the moment, work in hand by CAP for ICL and IBM was almost on a 50/50 basis, he said.

CAP's European venture is going great guns and the ten or so systems and in many other areas

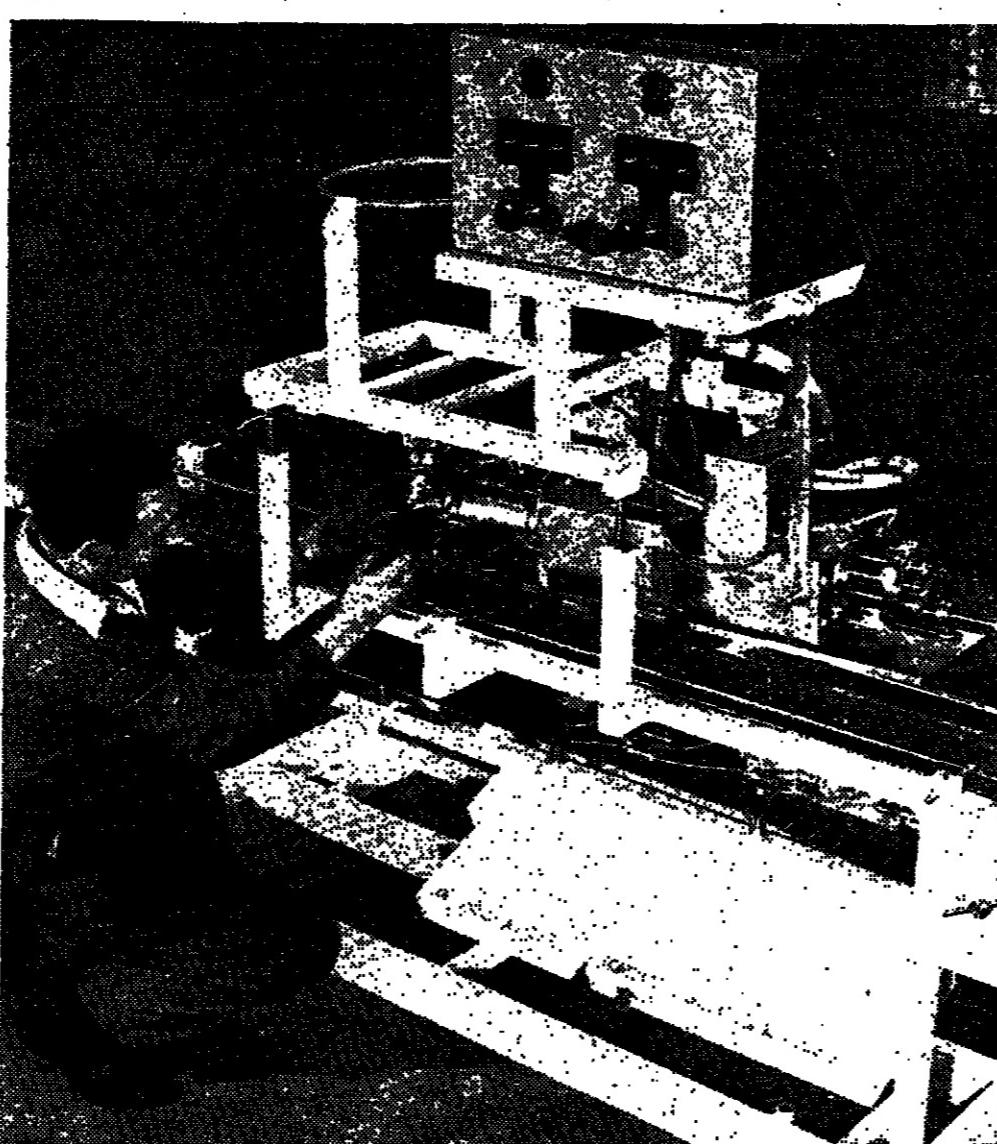
where large companies and state organisations were placing a great deal of reliance on systems going into operation as planned.

Asked whether CAP had thought of going public, he said now certainly was not the time, but that the squeeze on the company was severe. If it ever came to a situation in the Software industry as it was experienced in the aircraft industry, CAP "did not want to be another Handley Page." But no move was likely before the European hardware situation had been tidied up.

Mr. A.R.K. Hardcastle, general manager of CAP, drew attention to the fact that more and more software had remained remarkably stable and this was due to the fact that they had the confidence of the big users. For its part, CAP was engaged in assisting projects which, at this moment, involved the procurement of a total of £120m. worth of hardware. It was extremely difficult for CAP to publicise its work since such a large amount of it was confidential to major clients.

He alerted the listeners to the fact that VAT was going to prove more of a computing nightmare for users than decimalisation. There would be only half the time to get ready for it.

He dismissed the myth that



## ■ ELECTRONICS

### Analyses wiring rapidly

A WIRING analyser, using punched paper tape programming that will test complicated circuits for continuity, insulation resistance and dielectric strength is being made available in the U.K. by Tele-Sciences, of 381, New Albany Road, Moorestown, N.J. 08057, U.S.

Known as the Omnitester 900, it utilises a fail-safe design that checks its own operation against an internally stored programme at the start of a test tape to ensure reliable performance. Programming and operation have been greatly simplified by requiring that only test addresses need appear on the tape. Test parameters and test types can be manually set up on the control panel, thus minimising the tape length and making it easy to prepare a test tape.

Test tapes can be produced by employing a self-programming feature in which a known good sample of the unit under test is connected to the system which analyses the wiring, punches a suitable test tape, and prints formation can be obtained from out a list of all connections. If the U.S. Trade Centre, St. James's Street, London S.W.1.

## ■ PRODUCTS

### Making use of timber waste

MANUFACTURE of chipboard is to be started at The Pickering Sawmills and Co.'s plant in Yorkshire.

This was announced last Friday by Mr. N. Kestenbaum, managing director, at the opening of new premises at Pickering where there is now a mechanised pit prop production line.

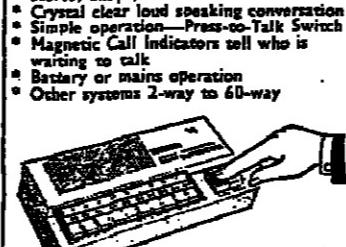
Introduction of chipboard manufacture will enable all the residue from pit prop production—back, off-cuts and sawdust to be utilised. Waste from other sawmills will also be used.

### Reduces the risk of cable fires

DEVELOPMENT of an electric cable which is claimed to minimise risk of fire has been announced by Pirelli.

According to the company, it is only over the past two years that any real concern has been expressed over pvc cable fire risks but the company says it now reckons to have a cable far in advance of any similar product on the market in Europe.

New pvc compounds are said to be the secret of the cable which will be marketed in the light current range (up to 1 kV), under the name Flamex. It is stated that in the event of a cable fire Flamex will considerably reduce the travel of flame, an advantage of considerable significance where large bundles



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## ■ PROCESSING

### Cleaning up with light

TWO TYPES of ultra-violet ing industries. Chemical additives are often not effective unless used in unacceptable quantities affecting toxicity, colour and/or the taste of the water, resulting in product spoilage.

The liquid purification system kills bacteria, virus, and other micro-organisms by irradiation on a constant flow basis. The advantage of this purifying system over other methods is that the treated water is not adulterated with chemicals such as chlorine and other bactericides.

Once treated, it is completely sterile and free from chemical agents. This makes the purifiers particularly suitable for applications in the food, chemical, pharmaceutical, electronics and brew-

ing industries. Chemical additives are now on the market.

In theory only 0.2 lb of ammonia are needed to treat the water. In the original plant, 2.9 lbs were used. This has now been reduced to a fraction of the amount required at the outset.

### Moves tiny distances accurately

Air sterilising models can be installed on walls or ceilings for direct or indirect radiation of ultra-violet into the atmosphere, or on to a surface, or alternatively for installation in air conditioning and heating systems on the return air side. These systems have been thoroughly proved in hospitals, offices, and many other establishments.

Piezoelectric methods thus can replace the more usual rotary mechanical movements of film and are particularly desirable where photographs must be built up from successive scan lines.

Ryan Aeronautics Div. of Teledyne, 2701 N. Harbor Drive, San Diego, Calif., U.S.A. claims an accuracy of 40 millionths of an inch for the method.

The action is entirely solid-state, there is no wear, insensitivity due to long use. An oscillator feeds energy at the desired interval to a crystal of piezo-ceramic. This changes shape an exact amount and in doing so moves the film forward.

### Scribing substrates by laser

AUTOMATIC laser substrate scribe for ceramic, glass and sapphire has been developed by Korad division of Union Carbide at Santa Monica, California, using a CO<sub>2</sub> laser which peaks to a maximum unskilled operator is required for the machine (known as "Freddy") which is electrically powered from the nearest point.

The maker, Paul Delapena, of Elmley Castle, Pershore, Worcs. WR10 3EP, states that the machine extracts all swarf and sludge and the filters retain particles down to 10 microns.

Every type of cutting oil, synthetic, soluble or neat, can be treated. It is claimed that the filtered oil has at least four times the usual life span, and the absence of foreign particles prolongs tool life.

A single unskilled operator is required for the machine (known as "Freddy") which is electrically powered from the nearest point.

### Improving cotton yarns

RESEARCH by J. and P. Coats has made it possible to extend the liquid ammonia "Prograde" process originally developed for the treatment of sewing thread to be extended to all kinds of cotton yarns.

Now, finishers and spinners

will be able to install and operate the process without difficulty to provide better tenacity, lustre, dye affinity and stability to their raw materials. At the same time, the amount of liquid ammonia needed to operate the method has been cut so much that the re-circulation plant can be eliminated.

So far, the process has been a high technology one not really suitable for application outside large installations.

With the new improvements, it

## • TELEVISION

### Single klystron operation

TELEVISION transmitters normally use two klystrons in the final stage, one feeding sound and the other vision signals to the aerial. Should one break down it is possible to feed both signals through the one tube but then it is necessary to reduce the power levels of both signals to avoid the intermodulation products that would occur at the higher levels. The alternative is a standby klystron.

EMI-Variac of Hayes, Middlesex in conjunction with the Hungarian firm Electromechanical Enterprise, of Budapest, is now offering a compensator unit which has the effect of linearising the input/output power curve of a klystron by operating on the sound and vision signals before they are applied to the input of the klystron.

EMI-Variac points out that it is possible to linearise the characteristics of the tube itself but this is an expensive proposition and the tendency has been to look for external "black boxes" that will produce the same effect.

With the Hungarian device it is possible to operate the single tube more efficiently as a common vision and sound amplifier. In a typical case of a 40kW carrier the level need be reduced to only 20kW instead of 40kW in the absence of the device.

Experiments on the device have not been released, but it is stated to be able to "anticipate" the distortion that will be experienced with consequent mixing effects of the two signals, by applying an "inverse" effect to them before they are fed into the klystron.

EMI-Variac claims that the device could lead to significant reductions in the cost of transmitting television broadcasts.

## ■ METALWORKING

### Looks into light alloy castings

EQUIPMENT which displays the internal structures of light alloy castings on a TV-type screen is being marketed with considerable success by Pantak of Vale Road, Windsor, Berks.

Requiring very little manual intervention to operate, the system has a conveyor which takes the castings to a manipulator intended to rotate each piece in an X-ray beam.

The resulting image goes to an image intensifier and then to a closed circuit TV system. The image is studied by the quality control inspector who decides whether to retain or reject the workpiece.

Reject castings are separated from the remainder by a gate in the exit conveyor system and the whole device, bringing X-ray inspection virtually into the production line, offers a considerable improvement in techniques of quality control.

## WANNA START SOMETHING?

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Dublin December 1921



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On October 21st one of the most important parliamentary debates in modern British history will commence.

After the final division we will know if we are to accept or reject the negotiated terms for Britain's entry into the European Economic Community.

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Westminster October 1971



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October 19, 1971

## ISRAEL

Christopher

Tugendhat, who recently visited the country, describes the emerging signs of social unrest



A Nazareth street market: "if anything, the desire to achieve an affluent standard of living is more intense than elsewhere."

## Peace-time problems in an atmosphere of war

THE STATE of Israel is in an unenviable position. It has lost the spur of military crisis without gaining the benefits of real peace. The economic and social tensions that have for so long been kept in check by the military dangers are rushing to the fore, but the necessity of maintaining a semi-detached economy and the continued uncertainty over the border situation and the cease-fire make it difficult for the government to find the time and energy to tackle them.

The country is only gradually awakening to the nature of its problems. For most Israelis the cease-fire is still something to be reviled in. The War of Attrition which followed the Six Days War, especially last year when the guerrillas were very active, was a miserable time on imports and consumer durables. Electrical goods, for instance, have 200 per cent. more local taxes and duties, and the cost of living is rising. These devices help to supplement many incomes. But they have the accumulated reserves either of individual wealth, or of rising living standards. A far higher percentage than in most countries is building up possessions from scratch, or nearly so. These devices are unfairly distributed since some people are better able to take advantage of the system than others—and they are anyway extremely undesirable on general social grounds.

A parliamentary commission is now examining the whole matter, and is expected to suggest both lower rates and higher basic points. It is thought that these changes could coincide with the introduction of a value-added tax. But few expect a change in less than two years.

It is feared that Left-wing pressure could result in the reforms being accompanied by various anti-saving measures designed to hit the better off.

This does not mean that the population will diminish. Immigrants are still pouring in—some 32,000 arrived in 1969 alone. But it is very expensive to train young people at school, the army, and the university, while importers people who are often of less value to the state in almost every way.

Even immigrants from the West with skills the country needs have to be taught Hebrew, and helped to settle down in a variety of ways of serving in the army, and, if they went to university, working free shopping are among the throughout their studies at most obvious. Those from Eastern Europe and Russia usually have fewer useful skills than what they regard as a decent standard of living. Most

young, notably those in the 20-30 age group, which has doubled in size over the last six years. After serving in the army, and, if they went to university, working free shopping are among the throughout their studies at most obvious. Those from Eastern Europe and Russia usually have fewer useful skills than what they regard as a decent standard of living. Most

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# Merrill Lynch Pierce Fenner Smith Hubbard Westervelt Mottelay Royal Securities and Lionel D. Edie and Co.

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**SCALE:** The fact of having so many customers, so widely dispersed, has involved Merrill Lynch in its huge investment in electronics, both to process transactions and to store, retrieve and communicate information and opinions.

**INNOVATION:** Selling stocks on such a broad scale seemed eccentric to some Wall Street traditionalists when Merrill Lynch began.

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**CUSTOMER ORIENTATION:** Consistently, Merrill Lynch's growth has been in response to customers' needs. It is, if you like, a marketing attitude rather than a manufacturing one.

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Merrill Lynch has taken an unusual route to a position of importance in the small world of international finance, but it has brought with it a freshness and strength which we think are well suited to today's challenges.

### A MERRILL LYNCH INTERNATIONAL CHECK LIST:

Here, in brief, is a description of ten of the companies whose services you might use. Some of these services are probably not available at all through your present advisers. Others may currently require you to make laborious individual arrangements for different services.

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Its president (a Swiss) has headquarters in Geneva; one executive vice-president in London. But your Merrill Lynch executive in any of 24 offices throughout Europe, the Middle East, the Pacific and South America can plug you in directly, through his private high-speed wire, to all the information and opinion retrieval equipment and expertise of Merrill Lynch.

#### 5. MERRILL LYNCH SECURITIES UNDERWRITERS LTD.

Its president works out of Paris and it handles all new Euro-security issues for Merrill Lynch International in Europe. It has a major role in creating new and imaginative financing and international banking activities, and it handles all Merrill Lynch's offshore fund activities.

MLSU has already established a considerable reputation for strength and selectivity in managing, underwriting and retailing offerings of Euro-securities. Significantly, each new issue is checked out by both Merrill Lynch's Securities Research Division in New York, and by the MLSU men on the spot to be sure the issue has the right feel to it.

#### 6. MERRILL LYNCH TRADING CO. S.A.

This is the Corporation headquartered in Geneva which makes its communication and information facilities available to MLSU to ensure contacts with the other Eurobond traders. Merrill Lynch Trading Co. is an agent of MLSU.

Weekly lists of estimated negotiated prices are available through MLTC—and these lists provide a valuable contribution to the market in these bonds. They provide a statistical comparison of interest rates, maturity dates, prices and yields on some 150 issues—long-term debentures, convertible bonds and short-term notes. And it is the Geneva office which distributes to each Merrill Lynch executive, throughout Europe a daily quotation list of "straight" bonds.

The aftermarket in Eurobonds is not maintained so much through trading on one or more European exchanges where a given Bond may be listed but by the main specialised traders. These traders make markets in many outstanding Eurobond issues and are in constant telephone and telex communication with each other. MLSU for this communication function uses the services of Merrill Lynch Trading Co. S.A., Geneva.



#### 7. MLSU RETAIL UNIT

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#### 8. MERRILL LYNCH (BROKERS AND DEALERS) LTD.

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In their highly specialised fields, the commodity specialists of the London team have a reputation for high professionalism. They are in frequent contact with the specialists of the Merrill Lynch Commodity Division in New York—and, of course, with the International Commodity markets in the U.S., London, and other countries.

There is an account executive in every Merrill Lynch International office who will be glad to make the commodity services of the MLBD specialists available to you.

#### 9. LIONEL D. EDIE AND CO. INTERNATIONAL LTD.

Another Merrill Lynch affiliate, Lionel D. Edie Inc., already supervises 5 billion dollars worth of private and institutional accounts on an advisory or discretionary basis.

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#### 10. EUROPEAN RESEARCH UNIT

Centred in Geneva along with the Lionel D. Edie International Operation is the Geneva section of the Securities Research Division of Merrill Lynch. (The other sections are in Tokyo, Los Angeles, Toronto and New York.)

#### BEHIND ALL THE INNOVATIONS: IMPLACABLE CAUTION

Having looked through this list, you may feel that Merrill Lynch is quite unlike some of your present arrangements. This is no accident. Merrill Lynch believes that financial services are going to change. That you are going to demand more and more, one fully-rounded financial house to provide a multiplicity of services.

This is the end toward which the company is working, and the reason for some of the activities which may have surprised you.

But behind all the innovations there is the massive caution of the firm's own conduct of its affairs. This caution may have looked unadventurous, even uncharacteristic, until last year, when a cloud of uncertainty hung over the U.S. financial community.

Merrill Lynch has decided, firmly, which of yesterday's ideas must go, and which must stay. What must go is anything which impedes giving you the financial services you need. What must stay is the belief that all this activity must be firmly managed from a strong centre of financial stability.

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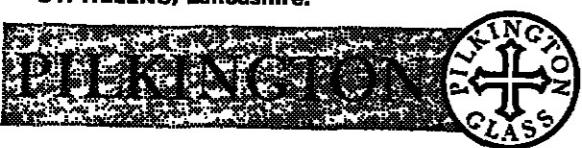
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ALSO APPEAR ON PAGE 10

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# The Executive's World

EDITED BY  
DAVID PALMER

While shipbuilding on the Upper Clyde still struggles for survival, HENRY SCOTT STOKES reports from Tokyo on what the Japanese claim to be

## The world's most efficient shipyard

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### Superb going

Nippon Kokan reckons to work if its original investment at Tsu is yen 30,000m. (over \$25m.) in five to six years. This is superb going by Japanese standards where output rather than profitability has typically been the main object of industrial companies.

Evidence of efficiency is readily available. Going round the yard, one sees hardly two or three together, bending over a plate or assembly job. These take care of the small chores which no machinery does yet quite handle: checking and rechecking the automated work control boxes, swinging back

Kiyoshi Shimizu, one of Japan's fast-rising young executives, was assigned as Tsu Shipyard's general yard manager when he was only 29 years old.

the distance only the odd worker, or two or three together, bending over a plate or assembly job. These take care of the small chores which no machinery does yet quite handle: checking and rechecking the automated work control boxes, swinging back

forwards beneath their helmets, shot-blasting of the steel plates, fierce faces and strong bodies the marking of them for cutting, are working only seven hours a day—though six days a week, operations into "blocks" of up to 200 tons are all performed by computer-controlled machines.

Looking across the exception-

ally clean hull shop one sees in

the marking of them for cutting, operations into "blocks" of up to 200 tons are all performed by computer-controlled machines.

Outside the yard are parked serried ranks of cars, for most of them can afford to ride to work in their own cars. Efficiency has brought high wages, well up to European levels, in excess perhaps of yen 130,000 a month or £250 a month, for the "regular" workers, as opposed to those employed on a "temporary" basis or by sub-contractors.

It is not, however, so much the spectacle of relentless Japanese efficiency which surprises one as the little touches round the works, the small effects which are exclusively Japanese. At the yard office, for example, there is a very careful reproduction of something like the famous Ryōanji stone garden in Kyoto. It is the best reproduction of a Zen stone-garden which I have seen in any Japanese company office.

Above the Zen garden, in the main conference room for executives, is an extraordinary doll-like figure in a glass case. Clad in sweeping white robes, and with the face of a devil in the tradition of the Noh plays (which derives from the 15th century), this was a figure of Kokeshi, the traditional blacksmith and sword-maker—and the natural "patron" of men who weld metal and make ships. Few Japanese executives would be found visiting the Noh theatres in Kyoto or Tokyo more than once or twice in their lives; yet something of the tradition lingers on within the blood—of which no machinery penetrates—and hence this "doll" in its glass case, safe from dust.

Japanese tradition was present also, in the explanatory remarks

in a visit to Tsu, then, one received several indications of the growing importance of Japanese tradition to the typical forward-looking executive. Increasingly he is taking a pride in Japanese institutions, in the Japanese way of doing things and in Japanese culture. Confronted for 20 years by inscrutable western faces, he is just that much more inclined than he used to be to depend on his own unique cultural background.

## Noseblowing—a neglected management art

BY A CORRESPONDENT

HE APPROACH of winter has dard, but rather secretively. Each morning, as regular as the clock, he gives his nose a very loud and thorough blowing. The note that it used to be. How seldom he produces is not quite first class, but the sound penetrates a come across a really impressive noseblower! There was a me when it was not infrequent a man to blow his nose in a challenging, important and decisive manner.

I belong to the numerous class weak and ineffective noseblowers. I have often wished to rectify this failing. But no after how much I practise so often to my performance, I cannot believe the dignified and resounding blow for which my father is noted. I think it was something learned early in life, like a adult management of a walking stick. My noseblowing fort is more a kind of convulsive snort which I feel to be ridiculous and does nothing for image.

However, I know one man who helps to keep up the stan-

brought into the open, even experimentally—I hear much worse. Besides, it is possible that his business associates may eventually remark to each other, "Odd thing about that man. He never blows his nose."

The effect of noseblowing on others depends on how the nose is blown. A furrowed snatching at the handkerchief and a muttered excuse, "Excuse me," followed by a skittering half-sneaze is most unimpressive and makes people think: "If you want to blow your nose, for heaven's sake make a good job of it."

Deliberation is much more effective if he aims to avoid blowing his nose among his busi-

ness associates, in order not to impress them unfavourably. For big one, looking into it reflectively, applying it carefully to the nose, then emitting a resounding bugle note which carries a long distance like the siren of an Atlantic liner, giving a few final touches to the organ and stowing away the handkerchief with

the chairman is saying: "Though

the figures for the past year may appear most discouraging, I believe I am not alone in feeling that the decline we have experienced is not without an element of inspiration for the future."

It must always be remembered that impressive and resonant noseblowing can only be used to advantage when there are not other good noseblowers around.

If several people blow their noses together, however impressively and resoundingly, the effect is not only impersonal but startling. As with other things timing is very important; otherwise bad feeling is liable to arise. No ambitious noseblower likes to suspect that somebody is trying to outdo him or drown him out. Nothing is better calculated to ruin an amicable Board meeting, for example, than a sudden chorus of noseblowing.

Care must be taken to get one's blow in first—especially if it is a very good one with sarcastic implications. The judicious Board member would choose the right moment and blow his nose powerfully, resoundingly and effectively, perhaps when the chairman is saying: "Though

windscreen washers and wipers;

heated rear window; cigar lighter.

Everyone to his taste, but his view seems to me to argue a certain lack of confidence. His effort is creditable enough to be decision—these things can be

most effective and if done well most prepossessing.

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the figures for the past year may appear most discouraging, I believe I am not alone in feeling that the decline we have experienced is not without an element of inspiration for the future."

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TUESDAY OCTOBER 19 1971

A free vote  
after all

CONTRARY to the impression possibly work out this way will which the Government has been conveying throughout the past few months, there is now after all to be a free vote for Conservative MPs on the Common Market issue. In an ideal world of course there would have been agreement long ago between the two major parties that the Whigs would be off. All through the many years that the question of Common Market entry has been under discussion it has cut right across party lines. Given the fact that the decision of the Government was right in principle though, as well as possibly bringing some tactical advantages, there can be no doubt.

To what extent the Government move will make the debate more meaningful remains to be seen. That many MPs will at this stage change their opinion on the desirability of Common Market entry—as opposed to the way they may in fact vote—is unlikely. Just as for decades ahead, that it is in the country at large opinions involves fundamental change without any certainty of just what that change might be, it is in favour of EEC entry in seemed right that Members of Parliament should be allowed to exercise their individual judgment. The Government has now at this late hour recognised which has still left a majority opposed to membership.

Tactical considerations no doubt played their part. After the outcome of the Conservative party conference it seemed certain, if there was any doubt before, that the number of "rebels" in the Government ranks would be considerably smaller than that of Labour MPs who would follow Mr. Jenkins in approving entry. Now it will be that much more difficult for the Labour party to force the pro-marketeers to choose between party loyalty and their convictions.

Yesterday's decision could also conceivably affect the course of the rather more difficult struggle which the Government will have to get the consequential legislation through the House. If a free vote does give it a bigger majority than it would otherwise have got, it should be easier to get this legislation through, for those who would seek to hold it up would then be trying to negate the clearly and freely expressed outcome of the vote of the majority of the House. Whether things could

The key appears to be the rise in food prices which seems to be outweighing the expectation of faster growth, higher social security benefits, longer holidays and shorter working hours. But economic considerations should not determine the outcome. A majority of the public actually believes that it would be in the national interest for this country to join the EEC. And this surely is right at a time when the U.S. has made it all too clear that it is much less willing to bear the cost and take the responsibility of securing the defence and ensuring the prosperity of the Western world. The real case for entry is that Britain cannot adequately secure her interests alone in a world facing a period of rapid change after the stability of the post-war era. It is the degree to which this belief, long and firmly held by the Financial Times, commands support among MPs which should determine the outcome of the vote next week, not the calculations of the majority of the House. Whether things could

be one of the worst years which Britain's truck industry has ever experienced. The slack economy and stagnant production earlier in the year cut into the general haulage business, and most hauliers are making poor profits. Some have even taken vehicles off the road, detaching them to save expense.

As Peter Livesey, Ford of Britain's sales director, recounts: "The market spiralled downwards in November and December last year. We started by forecasting sales of 86,000 trucks for this year; but by April we had revised it down to 75,000, and we ended up planning for 65,000."

The relaxation of hire purchase controls and purchase tax which has revitalised the car market has not, as yet, had any effect on truck sales. Vans, which tend to be bought more like cars than trucks, have responded to easier credit and a recovery in business confidence even though they carry no purchase tax. Sales were 15 per cent. of the year's average in August, allowing for seasonal factors.

Production of the Ford Transit, which continues to dominate the medium van market (over 30 per cent. of this sector in the last few months), is buoyant. Ford expects the medium van market to grow by at least 10 per cent. next year as the economy recovers and traders need to renew their fleet.

Remains in  
doldrums

But the truck business, which though small in numbers is the source of most commercial vehicle profits, remains obstinately in the doldrums. In past recessions, such as the 1963 one, truck sales have recovered a few months after the first upturn in consumer spending. A month or so after the first signs of a consumer spree, manufacturing investment tends to pick up and within four or five months the building trade finds that it needs more construction site vehicles, distributors find they need more delivery trucks, and sales recover.

This year, though consumer spending—particularly on cars—has grown satisfactorily since July, there has not yet been any response in truck sales. The autumn will tell, for the upturn should appear in another two or three months' time.

There are, though, some good reasons for believing that there may be little sign of recovery until the spring. The own-account operators, such as the food and supermarket groups and the oil companies, who account for much of the demand for the heavy, long-distance traffic in Britain this year is efficient industry than the other in domestic markets has been to export France, which has a less small growth in the van business for the heavy, long-distance traffic. Their spending this year is Germany and Italy. Demand for trucks and vans cedes now holds 8 per cent. of

Many of them, in addition, have been postponing their purchases because they hoped that the Government would announce an increase in the maximum all-up weight and a relaxation of the axle loading and spacing requirements for trucks on British roads. Mr. Peter Walker, the Minister for the Environment, has decided that 32-ton trucks are large enough for Britain at present. But the hope remains national economy. Most truck

has shown very little advance in the French medium truck business since 1969, which was the last year of good growth. Except for Britain, cent. and the Swedish specialists Scania and Volvo have where van sales are expected to be a record and trucks should regain their 1970 levels, there is little prospect of any real growth next year either.

As a result, there is considerable overcapacity in an industry which had become accustomed

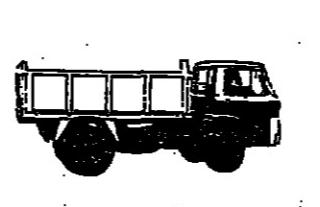
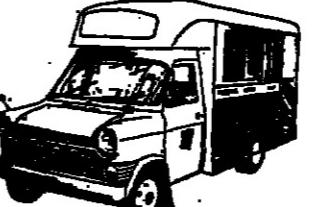
to not be a member. On French insistence, trucks and vans were excluded from the Kennedy Round negotiations so they still carry a prohibitive 16 per cent. duty. Even so, Bedford, which assembles trucks in Belgium, has made a useful foray into several Continental markets—it holds 11 per cent. of the French medium-heavy market, for example. Ford is now converting the container traffic to the docks is now hauled by Scania, one of the specialists. Ford

Atkinson or ERF—made it difficult to break into the market. Livesey of Ford remarks that if his company does decide to take on the over-25-ton market, it will be the toughest business it has ever entered.

Mr. Ron Ellis, Leyland's managing director (truck and bus division) echoes this view, even though his company dominates the heaviest sectors. "We have lost penetration to the Swedes, who now hold 8 per cent. of the heavy market," he said recently, "and we will lose more." But he added: "We intend to get into the Swedish market."

The industry is concerned that British regulations may not permit such large trucks as are available on the Continent, thus weakening the domestic manufacturers' position. Ford, for instance, might not extend its truck range upwards if the present 32-ton limit is retained, for it feels that it would need sales both in Britain and Europe to make the project worthwhile.

## THE LEADING MAKERS OF COMMERCIAL VEHICLES (annual output)

HEAVY TRUCKS  
(16 tons +)MEDIUM TRUCKS  
(6-16 tons)VANS & LIGHT TRUCKS  
(up to 6 tons)

BUSES

	21,000
Daimler-Benz	18,000
Berliet	16,000
Fiat-OM	15,000
Berliet	6,000
Scania	6,000
Ford	5,500
Unic	5,000

	49,000
Daimler-Benz	41,000
Berliet	40,000
Fiat-OM	30,000
Leyland	21,000
Magirus	10,000
Chrysler	9,000
MAN	8,000
Volvo	8,000
Savini	7,000
Scania	6,000
Berliet	5,000

	104,000
Renault	102,000
Ford	92,000
Fiat	88,000
Leyland	88,000
(also Land Rover)	50,000
Daimler-Benz	75,000
Citroen	67,000
Berliet	53,000
Peugeot	51,000
Chrysler	17,000
Opel	10,000

	10,000
Daimler-Benz	6,000
Berliet	3,500
Fiat-OM	3,000
Magirus	2,000
Savini	2,000
Ford	1,700
Berliet	1,000

Source: EIU Motor Business

## THE MAJOR MARKETS 1971

	Trucks	Medium vans
Britain	68,000 (-11%)	105,000 (+6%)
France	53,000 (no change)	81,000 (+2%)
Germany	92,000 (no change)	119,000 (-3%)
Italy	37,000 (+1%)	48,000 (-4%)

putting first its Redline and Seneffe, Belgium plant.

The British, as the table shows, are among the largest truck and van producers in Europe. There is no doubt that they hold a technical advantage over most of the Continent's two important sectors. British medium trucks, such as the Bedford and Ford 12-16 tonners, are cheaper than the majority of European models of equivalent weight. Only Fiat, which still holds a huge share of the Italian market, and Mercedes could challenge Ford and Bedford here.

There has been a genuine movement of long-haul freight back to the railways and waterways in several European countries. Some 30 per cent. of British freight is carried by road but in Germany the proportion is only 30 per cent. and in France only 40 per cent. In Germany, Rhine traffic is growing faster than autobahn traffic.

The first reaction of truck producers to stagnation in their domestic markets has been to export France, which has a less small growth in the van business for the heavy, long-distance traffic. Their spending this year is Germany and Italy. Demand for trucks and vans cedes now holds 8 per cent. of

The Common Market should, in fact, provide an exciting opportunity for the British commercial vehicle producers, particularly since Sweden will

Leyland can match the three one.

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He was also involved in the acquisition of the Bellow clothing equipment concern, where he is still the Staflex representative on the Board. With this close involvement in key areas of Staflex, Rao may have a firm hold on a job that one or two of his predecessors have apparently found hard to grip, with both the chairman and the former deputy chairman (still on the Board) having held the post before them.

Dick departed only a year later, in 1969, and Kartun resumed the functions of managing director. Then a year ago Mr. Bernard Hansom, chairman and managing director of the all-important consumer products division of Wilkinson Sword razor blade makers, quit after disagreement with the ruling Randolph family, and soon after moved into the Staflex job. Now he too vacates that chair, "to concentrate on long-term planning and development" for Staflex.

Rao joined Staflex in 1967 from Fisons, where he had been finance and production director of the pharmaceuticals division. Most of the year 1969 he spent in Holland for Staflex, reorganising its Dutch company, KWSW.

He was also involved in the acquisition of the Bellow clothing equipment concern, where he is still the Staflex representative on the Board. With this close involvement in key areas of Staflex, Rao may have a firm hold on a job that one or two of his predecessors have apparently found hard to grip, with both the chairman and the former deputy chairman (still on the Board) having held the post before them.

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"They are fishing."

"But there is no fishing here."

"Oh well, in that case I'll row them on a bit."

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Jap in its

# New Zealand

## Financial Times Survey

### A time for flexibility

By J. D. F. JONES,  
Foreign Editor  
who has been visiting  
New Zealand.

The New Zealanders have been waiting for at least ten years to know whether Britain would go into Europe and if so what it would mean to them. It is not surprising that when Mr. Rippon brought back the Luxembourg terms in June the response in the Dominion was an unmistakable sigh of relief. Not, of course, that the future was assured, but—or so the great majority seem to have agreed—the terms could have been so much worse.

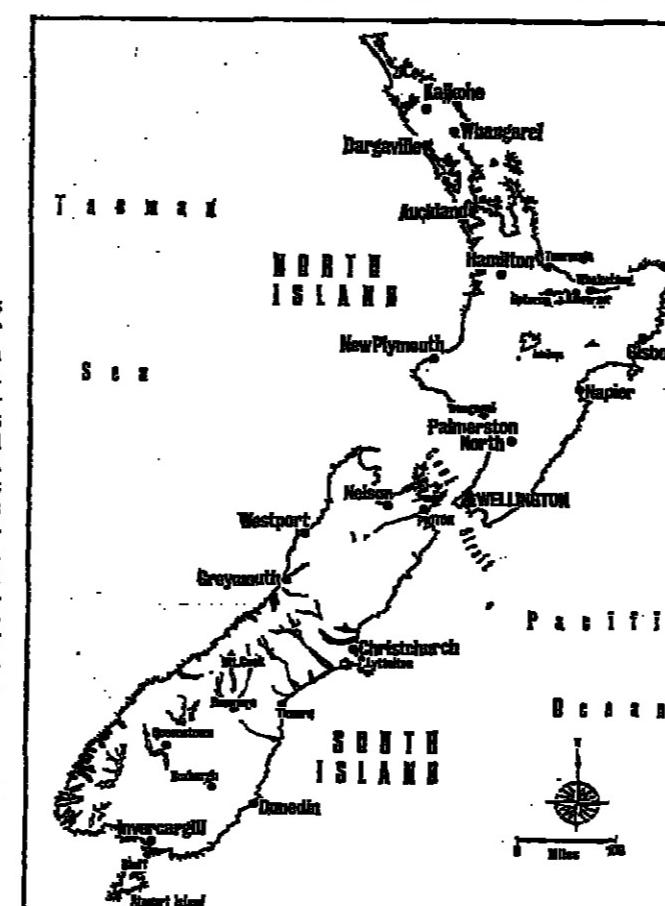
Admittedly, there has been just a touch of backlash. Mr. Marshall, the Deputy Prime Minister and the most over-worked man in Australasia, was compelled for obvious political reasons to proclaim a triumph of an agreement which, by the old light of day, was bound to fall far short of that; his premier, Sir Keith Holyoake, mindful of the election which just held by November of 1972, agreed with him. But the leader of the Opposition, Mr. Norman Kirk, has since found it necessary to reject the Luxembourg terms with an insistence which probably owes less to political judgment (he is certainly not responding to public feeling) than to a personal conviction that it is the Opposition's duty to direct the most searching criticism of Government policy—and thus in this case of British Government policy as well. Mr. Kirk, encouraged only by the later tactics of Mr. Arnold Wilson in Westminster, they may be, demand urgent and as spent much of the winter in dramatic action over the next five years if the country is not going to hit serious trouble by 1980s. For the present, four

per cent of New Zealand's present level of dairy exports will have assured access to Britain in 1977, depending on whether you do your sums according to the Brussels or the London milk-equivalent conversion factors.

It is hard to believe that Mr. Kirk has an election winner on his hands, though he can presumably console himself for the long uphill slog with the hope that his opposition to Luxembourg may bear him in good stead if ever the economy comes to grief in apparent consequence of Britain's entry into the EEC. The same presumably might be in the mind of the Finance Minister, Mr. R. D. Muldoon, who has lately provoked a mild scandal by saying harsh things about the terms brought back by his colleague (and rival) Mr. Marshall. The two are contenders for the succession to Sir Keith Holyoake; Mr. Marshall told me last week that "Mr. Muldoon's description of the Luxembourg terms as 'unacceptable' is itself unacceptable." It is at least possible that, as a direct result of this clash, Sir Keith—who is one of the Commonwealth's less impressive Prime Ministers, but is at the same time one of its most astute politicians—will be able to carry on in office for a further term.

#### Butter price

Parish-pump politics this may well seem, but the implications are considerable because sooner or later the New Zealanders are going to have to face up to the fact that the Luxembourg terms, comparatively welcome though they may be, demand urgent and as spent much of the winter in dramatic action over the next five years if the country is not going to hit serious trouble by 1980s. For the present, four



grass in the world. Grass can be converted to protein; protein can (one imagines) be sold in a hungry world provided only that the grass/protein conversion is efficient. In the past, New Zealand has chosen to do the bulk of its conversion via milk and sheep (wool as well as lamb, of course—and incidentally it is in New Zealand that a method was recently discovered of making wool edible). The first of the problems the Dominion is now facing is to make a top priority of flexibility and to be prepared to switch the techniques of protein conversion.

Thus, dairy products are threatened with loss of markets in Western Europe; the Japanese have disappointed Wellington's hopes of a large dairy market because the Japanese farmer is himself switching to dairying in consequence of the country's new rice surplus; the wool trade is notoriously in difficulties; and prospects for lamb sales to Europe will be subject to all the uncertainties of the EEC tariff round the U.K. market.

The answer to all this will have to be flexibility, both of product and of market; and it is encouraging to find how much work is already being done along these lines.

#### Changing trend

There will possibly have to be extensive switching of the use of land: the running of cattle among sheep, for example, for the sheep farmer is already bearing the brunt of the changing trend; new markets

have been discovered in South America and demand to be developed; a new caution will inform all future speculation about the potential in Japan; and dairying will explore a

hundred new areas for casein, for special butters, for new milk powders, and so on and so forth.

#### Green Revolution

At the same time, there will have to come a long-delayed acknowledgement that the world does not owe New Zealand a fat living simply because the rain falls and the green grass grows. One of the more irritating things about New Zealand is that most people there still insist that there can be no national problem "so long as the world is hungry and we have the food to sell." This is an argument which tends to play down the significance of Asia's Green Revolution, and also assumes that the New Zealand price is automatically acceptable simply because it is the price of an "efficient" industry. It is always hard to persuade a New Zealander that the world is not compelled to accept his produce simply because he is a low-cost producer: after all, New Zealanders will defend the protection they give to their manufacturing industry against "low-cost" industrial countries" and insist that this is a totally different matter from the protection some countries give to their high-cost farmers.

The point about the urgent necessity of flexibility of agriculture needs to be laboured because it would be dangerous to rely too much, as is the tendency in some quarters, on the potential of New Zealand home-based industrial sector, which has lately been producing a batch of good-looking successes. Much

is made of the forest industry, the pulp and paper, the carpets and refrigerators, and a whole random assortment of manufacturers. Yet industrial exports can never hope to make a truly significant showing in comparison with the traditional agricultural sales.

The most satisfying news of the last couple of years is that the Nafta free trade agreement with Australia (see a later article in this Survey) has been working rather well after the mutual suspicion of early years

"rationalisation" under which various industries are getting together across the Tasman so as to improve their efficiency. Yet even seen from the viewpoint of 21m New Zealanders, the Australian market of 12m is not so sensational, and as for the wider Pacific-basin area there is still a hesitation in New Zealand to risk proof of its claim that its manufacturers have graduated to international standards of sophistication and efficiency. The extensive import licensing system is now being reviewed and will eventually be dismantled but there is a long way still to go before the country has a new tariff system about the implications not just

Nowhere, though, does the New Zealander's world threaten him with the implication that his inter-national relations, in particular with Britain. Now that the terms of EEC entry are known New Zealanders are increasingly concerned to ask visitors to have a new tariff system about the implications not just Obviously the country is right to for their own economy, but its manufacturing industry but their relationship with the United Kingdom is not surprising that even the mother-country. There is concern most sober officials admit to siderable and manifest concern

#### BASIC STATISTICS

Area:	103,736 square miles	Trade (1971):	£2.82m.
Population:	3.22m.	Imports (7 months to July):	£318m.
GDP:	£2,222.9m.	Exports (7 months to July):	£243.7m.
GDP per capita:	£786	Trade (1970):	£786
Imports (7 months to July):	£219.5m.	Imports from U.K. (8 months to August):	£195.9m.
Exports (7 months to July):	£511.3m.	Exports to U.K. (8 months to August):	£129.3m.
Imports from U.K. (8 months to August):	£169.4m.	Exports to U.K.: £203.6m.	Rate of Exchange: £1=SNZL1.4

being more excited by the about the future of the Anglo-New Zealand association.

No other country on earth feels so close to Britain and it is no wonder that people are asking, in real distress, whether the Luxembourg terms represent some final spasm of sentiment on Britain's part after which she will press on into Europe and spare scarcely a thought for the Antipodes. Realism may exist at the commercial and economic level (New Zealand no longer even pretends to favour British products in return for the years of preferential entry her exports have enjoyed in the U.K.). But for most New Zealanders, worried, uncynical, bewildered, slightly frightened, there is a trauma which may even turn out to be the best means to producing a necessary and so far absent sense of urgency in the Dominion's national affairs: will

there be a mine to be built, whether a mine be there, always, be an England?

Contact your travel agent or AIR NEW ZEALAND for details  
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## NEW ZEALAND II

# Little success against inflation or stagnation

By DAI HAYWARD, Wellington Correspondent

Continued rapid inflation, although at a slightly slower pace than last year, and—despite record overseas reserves which have jumped 60 per cent since the end of last year—a stagnant economy largely as a result of tight monetary controls, cutbacks in government spending and deflationary measures are the main features of the overall New Zealand economic scene.

Inflation is still high, dangerously so, and although there could be some slight improvement towards the end of this year inflation in the year ending March, 1972, is likely to run at 10 per cent.

Just two weeks ago the Government statistician revealed that consumer prices had increased by 11.1 per cent for the year ended September. Food prices, boosted by higher prices for beef, eggs and butter were 9 per cent higher than at the same time last year. These, along with higher costs of furniture, bus and rail fares, fuel and lighting put the consumer price index up 2 per cent in the previous three months and contributed to the 11.1 per cent increase for the year.

The Prime Minister Sir Keith Holyoake described the latest increase in consumer prices as "very discouraging." The Government had hoped that its financial and fiscal measures would have kept the increase at a much lower level. If Sir Keith was surprised at the record rise in the consumer price index he should not have been. Housewives, seeing price increases on practically every commodity, could have told him the position in the retail world.

#### Wage target

The Government's policies to try to hold prices at best only been partially successful, while efforts to restrict wage increases within a 7 per cent guideline are only just showing some slight effect. As part of its remuneration policy, the Government fixed 7 per cent as the target for wage increases but allowed scope for unions or

industries which had been left behind by their more militant and aggressive colleagues to catch up.

Wages and salaries increased by an estimated 21½ per cent during 1970-71 and are expected to reach a 17½ per cent increase during the current year. At first sight this 17½ per cent forecast appears to make nonsense of the Government's hoped-for 7 per cent. However, about 10 per cent of the estimated increase in the wage bill this year is for rises negotiated or agreed before the Government brought in its remuneration policy, or for workers in those industries who have fallen behind and are entitled to make up some of the leeway.

While New Zealand has been trying, with only limited success, to slow down the galloping inflation, the economy has become virtually stagnant. In-

#### Labour shortage

The Government will be under increasing pressure to inject more activity into the economy, and if it can do this while holding prices there

should be a slow long-term improvement, but it is unlikely to be entirely successful. Wage demands are still excessively high. Some of those now being sought in key industries are for not having foreseen the tax increases of up to 25 per cent bonanza which would result At the same time there is a from the higher wage levels.

deed there are signs that the efforts to dampen it down have now gone too far and that the Government will be closely watching this situation in the next few months. Its advisers are hoping that the higher incomes which dairy farmers can expect for the next few months will be sufficient to keep the economy ticking over.

Meat continues to be the main source of overseas funds, but there are some danger signs in New Zealand's international meat trading. Since April

wholesale prices for NZ lamb at Smithfield have been falling and some industry experts forecast lower returns for lamb farmers during the opening weeks of the new season, which began in mid-October.

Meat receipts actually fell by \$1m. in the year ended June. The 28 per cent increase in shipping rates on lamb (and dairy produce), the meat levies

imposed on New Zealand lamb efforts to boost manufacture entering the U.K., the slow exports the economic structure down in mutton sales to Japan is such that farming will continue the 20 per cent freight true to be the rock on which increase last September and the economy is based.

other factors influencing

If it can hold its internal cost revenue from meat sales, could structure and retain its position have an adverse effect and as the world's most efficient producer of dairy and meat products, New Zealand hopes that upon which New Zealand has Britain's entry into the EEC become so dependent over the will not overlook this basic fact and that its primary products will be allowed to compete on equitable terms for their continued share of the British and other markets.

The price level for guaranteed butter exports will be based on an average of the levels prevailing in the four years 1969-72 inclusive.

The review will also take into account world supply and demand for butter, and in particular, the situation in the Community and New Zealand. Other elements to be taken into consideration include progress towards an international dairy agreement, and the success of New Zealand's efforts to diversify its export market for butter.

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The review will also take into

# New Zealand welcomes British investment and inventiveness

New Zealand needs investment from Britain to supplement New Zealand capital in the development of resources and the establishment and expansion of internationally competitive industries. The New Zealand Government is therefore seeking to attract and encourage investment from abroad; especially investment which introduces advanced technology.

#### FAMILIAR GROUND

British people and British capital founded the modern New Zealand economy and much of New Zealand's commercial and business practice is based on British precedent. British investors should therefore find it especially easy to operate successfully in New Zealand.

#### A SPIRIT OF ENTERPRISE

New Zealand has a settled community with a modern infrastructure. In addition it has an intelligent, co-operative and highly educated labour force. In its developing economy and expanding population there are increasing opportunities for investment which will yield attractive returns.

#### A BASE FOR EXPANSION

New Zealand is also a good base for export to countries of the South Pacific, to Australia and elsewhere in the Pacific basin.

#### Fair treatment for non-resident investors

#### REMITTANCE OF PROFITS

Investors are free to remit out of New Zealand dividends, profits and interest on invested capital, provided capital has been brought in through the banking system or in some other approved manner.

#### REPATRIATION OF CAPITAL

Government policy permits the repatriation not only of capital but also of capital gains.

#### Import Licensing and Tariffs

Tariffs are to be revised to provide adequate protection for New Zealand manufacturers as import licensing is removed over the next few years. For as long as it remains, import licensing will not prevent or inhibit export because replacement licenses are available for raw materials and components used in exported goods.

#### Regulation of non-resident investment

##### THE DUTIES OF THE RESERVE BANK OF NEW ZEALAND

The consent of the Reserve Bank of New Zealand is required before any company incorporated outside New Zealand can commence business in New Zealand and before a New Zealand company, whether incorporated or not, can borrow or raise money overseas.

The general rule is to permit overseas-owned companies to raise in New Zealand a proportion of their loan requirements equivalent to the proportion of the equity held by New Zealand residents.

There are, in addition, special arrangements for financing exports and for bridging finance.

##### GOVERNMENT APPROVAL AND OBJECTIVES

Approval of the Minister of Finance is required before a non-resident can acquire 25 per cent or more of the voting rights in a New Zealand company.

These regulations are administered in a manner consistent with the Government's objectives, which include ensuring that the incoming capital contributes to the growth and development of the economy and the efficient employment of resources; and preserving the freedom of New Zealand residents to employ or dispose of their property as they think fit.

No obstacles are put in the way of non-resident investors whose operations would benefit the New Zealand economy.

#### Tax treatment and promotion of exports

##### PROTECTION FROM DOUBLE TAXATION

New Zealand has a double taxation agreement with Britain which affords some tax protection to the British investor in New Zealand. An investor may choose to conduct a business in New Zealand through a New Zealand incorporated company. If the company also has the centre of its administrative and practical management in New Zealand (even though there may be some over-riding control in the United Kingdom) it would not be liable to United Kingdom tax on profits made in New Zealand.

If such a company concentrated on developing a high proportion of export trade it would get the following export concessions • • •

##### ● EXPORT MARKET DEVELOPMENT EXPENDITURE

An additional deduction is allowed for expenditure in promoting the export of New Zealand goods and services. The deduction which may be claimed is an additional 50 per cent of development costs over and above the 100 per cent ordinarily available. For each dollar spent on approved export promotion the taxpayer gets a deduction of DLRS 1.50 from assessable income.

##### ● INCREASED EXPORT SALES

An exporter who increases export sales in any income year above the annual average of the value of exports in the first three of the five years immediately preceding the income year may claim a deduction from assessable income of 15 per cent of such increase.

There may be other tax advantages depending on the nature of the investment and the way in which it is made. For example: Under the N.Z.-U.K. Double Taxation Agreement most royalties derived in New Zealand by United Kingdom residents are subject to a 10 per cent withholding tax instead of the normal minimum tax rate of 15 per cent applied to such income derived by other non-residents.

To be sure of tax liability and concessions prospective investors should discuss details of any proposition with the New Zealand Inland Revenue Department.

\*  
For further information  
on investment in New Zealand contact:  
**THE NEW ZEALAND HIGH COMMISSION,  
NEW ZEALAND HOUSE, HAYMARKET, LONDON, SW1,**  
or if visiting New Zealand contact:  
**RESERVE BANK OF NEW ZEALAND, WELLINGTON**

The High Commission will help potential investors by arranging contacts with other Government agencies from whom guidance and, in some cases, approval may be needed.

## PROTECT YOUR MARKETS IN NEW ZEALAND AND THE PACIFIC AREA

# New Zealand Dairy Industry THE FUTURE

New Zealand is an international trader with outward looking commercial policies derived from its British heritage. The New Zealand Dairy Board holds firmly to this tradition and believes that in a reasonable world New Zealand should go on doing what it is good at - exporting good food - and be a prosperous and expanding market for the more industrialised nations.

We in New Zealand also see a growing place for a combination of British capital and New Zealand know-how in expanding food industries in Europe and the world.

The New Zealand dairy industry already sells different products in about 100 international markets. This versatile industry faces the future with confidence based securely on its flexibility and efficiency.

We do not think however that British entry to the EEC would mean the cutting of trade ties that have been valuable to us both for so long. We have been assured of a continuing business with the British housewives. We like to think too that you as consumers value our good quality butter and cheese.

**New Zealand Dairy Board**

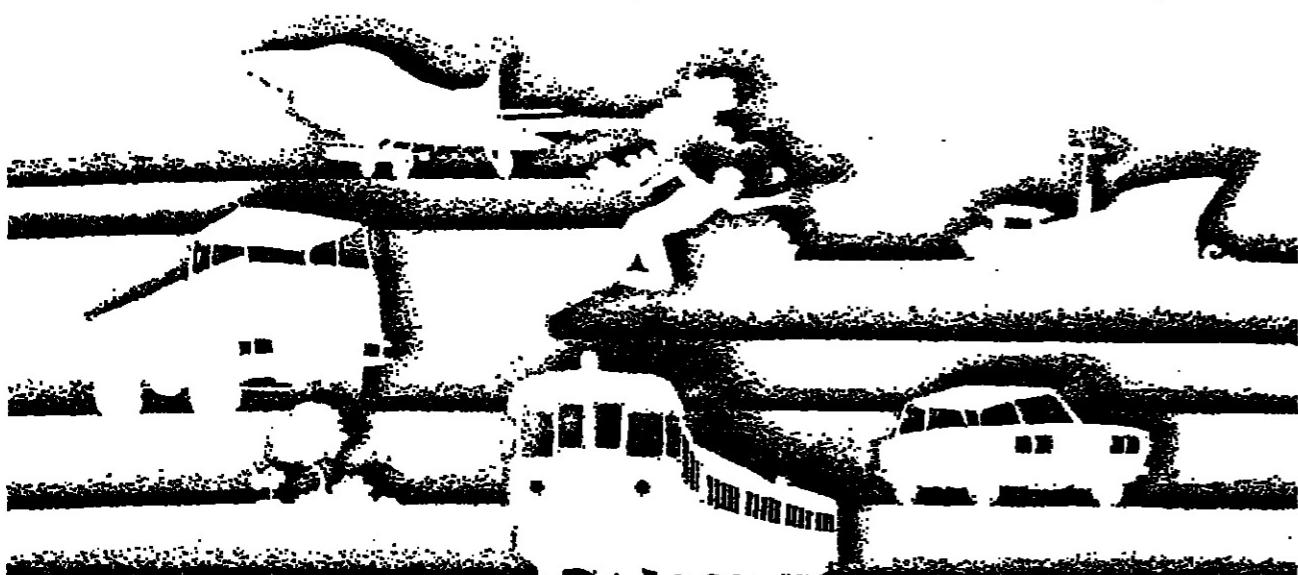
## When people and things move more quickly

*The faster people and things move around within a country, the higher its state of development. Movement of people, raw materials, and finished products is, in fact, the basis of the production cycle of all industry and influences its ability and capacity to expand.*

*Private motoring is another formidably influential factor. The more miles a man covers in a year, the more contacts he makes, the more purchases he makes, the greater his contribution to his country's prosperity.*

*Fiat plays a vital role in this sector. On account of its multi-national character and of the sense of responsibility with which it places at the disposal of the countries with which it works, all its experience as a manufacturer gathered over the decades in the most diverse fields of motorization on land, sea and in the air.*

*A sense of responsibility: acting in the interests of every country as if it were its own country.*



**Fiat produces:**  
cars, trucks, commercial vehicles, urban and inter-urban buses, agricultural tractors, earth moving equipment, articulated vehicles, Diesel rail cars,

locomotives, rail coaches, trams, gas turbines, aero engines, nuclear energy, naval automation. Space activities and aviation industry (Aeritalia), marine Diesels (Grandi Motori Trieste), vast public works in the civil engineering field (Impresit): roads, motorways, dams, hydroelectric schemes.

**FIAT**  
Turin, Italy

**Torino Motors Ltd.**  
(cars & trucks)  
Graham Street  
Auckland C1

**Andrews & Beaven Ltd.**  
(tractors)  
203-205 Cashel Street  
Christchurch

## NEW ZEALAND IV

# Cracks in racial harmony begin to emerge

By COLIN JAMES

New Zealand has long prided itself as a model in race relations, where two races, white and brown, live together in harmony, without discrimination.

To a fair degree the claim has been justified. Where there was discrimination, it was isolated. Among the vast majority of New Zealanders, Maoris and Pakehas (the Maori word for Europeans) have mixed easily and unselfconsciously.

But that was while the Maori was primarily a rural dweller, living close to his relatives on the marae, or tribal community, and comfortably out of sight. Sporadic separatist movements and pleas for help in the preservation of the Maori identity and justice in dealings over Maori land could be, and largely were, ignored with impunity. A succession of white ministers of Maori affairs hoped fervently that intermarriage would lead to assimilation of the Maori into white society and the "Maori problem" would disappear.

But now the Maori is beginning to assert himself, to demand a place in New Zealand culture and economic and social life for the Maori ethic. With it has come the seeds of racial tension.

During the past 10 years the Maori has become an urban dweller. The majority, ill-prepared educationally or socially to handle the harsh conditions they find there, live in the country's main cities, Auckland, Wellington and, increasingly, Christchurch.

**Steady influx**

At the same time there has been a steady influx of South Pacific islanders into Auckland and Wellington. Immigrants from Nui, the Tokelauans and the Cook Islands, carrying the status of New Zealand citizens, can come and go as they please. Samoans, former New Zealand citizens, are subject to an unofficial quota, achieved simply by long delays in processing entry applications.

There are more than 45,000 Islanders in addition to the 225,000 Maoris. Together, they form about 10 per cent of the total population.

Unemployment, although very low in total, is higher among Maoris than whites. At one recent estimate about 40 per cent of the Maori work force was in manufacturing industries, compared with about 30 per cent of the total population.

The median income for Maori males in 1966 was \$1,871 a year, compared with \$2,191 for whites.

The same pattern is emerging among the Island population.

The economic wastage is considerable.

That tactic failed to stop the passage of legislation in 1967 for racial tension and is re-

### Militant groups

Two developments have come out of urbanisation: the growth of young Maori and Island gangs, and the emergence of militant Maori rights groups.

The gangs are known to the white newspaper reader primarily for the violence of some of their members and it is true that gang warfare and attacks have increased dramatically this year in Auckland. But at the same time they are for the most part constructive, organising their own recreation and even doing community work free, slowly establishing for themselves a positive collective identity.

Parallel with this has been the rise of the working-class-based Maori Organisation of Human Rights, aimed at exposing discrimination and asserting the rights of the Maori and other national minorities, and the tiny Ngai Tumatoa movement, largely composed of university-trained intellectuals, which advocates Maori control of Maori institutions and which

hit the headlines recently with a call for separate Maori Government to counter assimilation.

This radicalisation of the urban Maori has changed also the character and tactics of the Maori Council. Set up in 1963 by the Government and hitherto dominated by the rural elders, the council has all too often said what it thought the Government wanted to hear - keeping its criticisms to itself and trying to work behind closed doors with the Government.

The problem of prejudice in New Zealand is the denial of prejudice. Our biggest problem is that we do not know how serious a problem we have." Mr. MacIntyre's solution is: "It is a matter of everyone being conscious of the fact that the European should go toward the Maori as much as the Maori towards him."

He himself has attempted to understand the Maori's position, needs and aspirations. He has

helped to irrevocably explode the New Zealand myth.

### Biggest problem

Uncomprehending, that is, except for Mr. MacIntyre, who has recognised the validity of the comments of Professor J. Ritchie, who has made Maori culture his specialty: "The problem of prejudice in New Zealand is the denial of prejudice. Our biggest problem is

that we do not know how serious a problem we have." Mr. MacIntyre's solution is: "It is a matter of everyone being conscious of the fact that the European should go toward the Maori as much as the Maori towards him."

It would be an exaggeration to talk of American-scale problems in New Zealand. But the seeds are there. Already there are signs of a white backlash, a growing fear of the brown skin. The direction is away from cultural coexistence and towards isolation. And that

would irrevocably explode the New Zealand myth.

## Shipping rate rises will affect food prices

By COLLIN SEGELOV

A recently negotiated 28 per cent increase in the refrigerated freight rate has paid the New Zealand producer boards' fee for entry into a new era of association with the British conference lines, and doubles as down-payment on the eventual replacement of conventional cargo carriage with something close to the door-to-door container service, plans for which the British lines scrapped earlier this year.

The record rise in the freight rate, agreement on which was reached only a week before its scheduled introduction on October 1 in a resumption of talks which failed to establish even a basis for negotiation in London several months earlier, has fetched widespread criticism of the British shipping conference from farming and political quarters. Such criticism, however, reflects the domestic success of this year's version of the traditional campaign to create a climate of public opinion favouring the New Zealand side of the negotiations, and belies the new relationship established between the producer boards and the companies with the means of continuing to feed what, in the light of special arrangement secured for New Zealand in the British negotiations for entry to the Common Market, will remain their major market for some considerable time.

**Well satisfied**

The Conference Lines' negotiator, Mr. D. Hollobone, managing director of the Port Line and chairman of the New Zealand Tonnage Committee, returned to London well satisfied with the outcome of the negotiations in Wellington, even though the settlement was some 10 per cent below the lines' opening price. He left no doubt in New Zealand that the increase overcomes completely his public complaint earlier in the year that the outcome of the annual negotiations in Wellington, even though the settlement was some 10 per cent below the lines' opening price.

In fact the rise has a fairly dramatic effect on the lines' profitability, lifting the return ton (£400) increase in the export store price of New Zealand Cheddar which followed the British Government's September relaxation of the voluntary cheese quotas, if maintained for a year, would all-but cover the year's target.

For the New Zealand dairy farmer, the effective loss of £NZ4m. in returns from the London market will be seen as a blow rather than a gain, the world shortage of dairy produce having brought about a supply and demand situation which even the eternal optimists of the industry could not foresee a year ago. The rise of £25 per ton (£400) increase in the export store price of New Zealand Cheddar which followed the British Government's September relaxation of the voluntary cheese quotas, if maintained for a year, would all-but cover the year's target.

For the New Zealand producer it was the eighth rise in 18 in shipping charges will only be

brought about by radical changes. Publicly, he cannot say why the British Conference Lines cancelled their plans, while less publicly he is working towards some solutions to one of the main influencing factors, the situation on the New Zealand waterfront.

The Exports and Shipping Council recently produced a set of statistics on delays of British Conference Lines ships which is shown in the table.

Similar figures, plus the removal of sentiment from the attitude to the New Zealand trade in the wake of the P & G Group's profitable problems, behind the adoption of a more business-like hard line by the Conference Lines. Together with escalation of costs generally, and the experience of freight rate negotiations over the past 15 years, this brought about the decision to drop plans for introducing a container service for New Zealand's prime produce exports to Europe. (No doubt pessimism over the arrangement Britain would secure for New Zealand in the EEC negotiations was another influencing factor.)

The increased profitability granted in the new freight rates alters the lines' attitude—or it is seen from New Zealand—the extent that they will be willing to look at any request for an improvement in services. The Boards care to make, and the initial moves in this direction are expected to come in the New Year when the Boards come to London to fulfil the rider to the freight rate agreement facilitating talks on "future policy."

And it is felt in Wellington that containers, or possibly pallet-loading or even barge-carrying shipping, will come soon, by which time the Export and Shipping Council's establishment of cargo committees and Government implementation of far-reaching recommendations resulting from a Commission of Inquiry into New Zealand Shipping (which concluded the life-line was bleeding to death), and those from a current inquiry into container handling (which will determine whether waterfalls and their rates of pay will move into off-wharf container loading depots), will cut the cost which in future, New Zealand's primary producer Boards will not expect to be absorbed by the shipping companies.

The attack, however, was one intended to benefit his side of the freight rate negotiations and the expressed attitude of having been denied the benefits promised by the conference's "selling" of containers is being maintained for a purpose. Also, chairman of New Zealand's Shipping and Exports Committee, Sir John can see as well as any accountant that a the shipping companies, recently regarded as Twentieth Century Blackbeard.

The Financial Times Tuesday October 19, 1971

## NEW ZEALAND V.

# non Doubt still surrounds U.K. lamb trade

By DAI HAYWARD

Fear of the unknown still hangs over New Zealand's future lamb trade with Britain—but the realists doubt this. The possibility of the lamb levies already mists fear that the restrictions, imposed by the European Economic Community, will equal such as now cover beef and other food imports into the EEC. Leading retail price when they reach will be extended under a system of guide prices, intervention price levels and import certificate controls.

New Zealand fears that a common sheepmeat policy, negotiated after Britain enters the EEC, and negotiated away from the glare and spotlight of public and press attention which was focused on the Brussels and Luxembourg entry negotiations, will impose conditions and restrictions on the free marketing of a vital portion of New Zealand's major export industry.

Meat Board and farming leaders point out that with the political heat then gone from the argument and the future of the New Zealand meat trade no longer a vital issue—as it was in the pre-entry debate—their negotiators will not be the same pressure on the negotiators to fight as hard for lamb as they did for butter and cheese.

## Public pressure

The future of New Zealand's dairy exports was a major argument in the entry negotiations and without an acceptable settlement the opponents of British entry into the EEC will open up the entry may well have carried the Common Market for New Zealand. Once Britain is a full member of the EEC there will not be the same political or public pressure to protect New Zealand's lamb exports, say, the to lamb entering Britain and lamb growers.

As soon as Britain enters the EEC all New Zealand lamb exports will remain. These vary Europe—including the from a complete ban on frozen U.K., which last year took lamb in France to a global quota of 266,914 tons—will face a 20 per cent tariff. The New Zealand retail sale of lamb in Italy, Meat Board has indicated that the optimists hope probably to maintain prices. Special U.K. market is still vital to New Zealand but in the past 16 years it accepts this and is prepared somewhat naively that these restrictions would be eased if to market meat—a process there has been a dramatic

## Free flow

If the EEC introduces sheep meat regulations, which seems likely, New Zealand will expect Britain to insist on special arrangements for NZ lamb to at least maintain sales to Europe at the present volume. Sheep meat regulations based on Paris reference price and applied to Britain could slash consumption of New Zealand lamb in Britain by 25 per cent—a possibility for the meat industry.

At home the lamb producing industry is facing a crisis with the price paid to farmers less than half that of last season. This has dropped from 20 cents per pound to 9.8 cents per pound.

This price slump brought confrontation between meat Britain still takes over 80 per cent of all New Zealand lamb with the Board endeavouring exports and the value of the United Kingdom ended its 18 years in 1954.

## European surplus

By this time European herds had been restocked and the American dairy industry was producing in abundance. In the 1960s the European surplus of production led to dumping on world markets where New Zealand was struggling to build sales.

Another significant clause in the Luxembourg agreement promises, among other things, that the enlarged Community will make every effort to pursue a trading policy that would not frustrate efforts made by New Zealand towards diversification of its economy and exports.

The Dairy Board interprets this to mean no more dumping of dairy products where New Zealand is endeavouring to enlarge the market.

Between 1967 and this year the number of dairy factory suppliers dropped by 5,000.

Amalgamations swallowed up these farms and a number of dairy factories. Some people were publicly advocating switching the great majority of dairy production to beef. The industry still owes the Reserve Bank \$NZ230m from those bad years.

But fortunes have now so changed that it is confidently expected that the dairy industry will repay the debt this year. New Zealand butter is selling in the United Kingdom at prices between £480-£580 a ton compared with the £300 which was the going rate for about four years up to about 18 months ago.

Cheese has increased to no less than £100 a ton.

In other markets casein and milk powder have reached record levels (although still less than the levels ruling on European and North American domestic markets).

For the future certain provisions of the Luxembourg agree-



Dairy cattle at Pokeno, south of Auckland.

Formerly confined to meat companies—is being hastily introduced to their level of 102,600 tons last year.

Farmers have also been hit by steep increases of up to 40 per cent in the charges they have to meet to have their lambs killed. For several years meat has been the mainstay of the New Zealand economy and with encouraging prospects for beef looks likely to remain so for some time to come despite the lamb crisis. In the 12 months ended August meat exports earned \$NZ2440.5m. which was more than double receipts from the next biggest export earner—wool. In four years meat exports have increased in value from \$NZ2275m. to \$NZ440m. and although some of this is due to inflation in buying countries, a large part of the increase comes from increased production and increased sales to overseas markets.

The British market is still the most important single market in terms of value—last year providing \$NZ199.5m.—but New Zealand meat now earns 2 per cent. with lamb production increasing by 1.3 per cent. outside Britain were virtually nil. This March year they were \$NZ204m. The major breakdown of New Zealand meat in the U.S. and other markets sales were—Britain \$199.5m., but the New Zealand lamb United States and Canada industry, which was established \$175m., Japan \$45.5m. and the rest of the world \$86m. The market has developed to such importance of the United States a degree that there could be no result of increasing beef exports and only the imposition of voluntary quotas limited Zealand to do so.



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## The price of entry

For 90 years New Zealand's lamb and other kinds of meat entered the United Kingdom in unrestricted quantities, free from customs duties and any other form of Government taxes or barriers.

Under this marketing system, New Zealand's farmers had been encouraged to produce the particular quantity and quality of lamb that British housewives preferred; and British housewives had always been able to buy New Zealand lamb at reasonable prices unencumbered with taxes.

The European Economic Community has

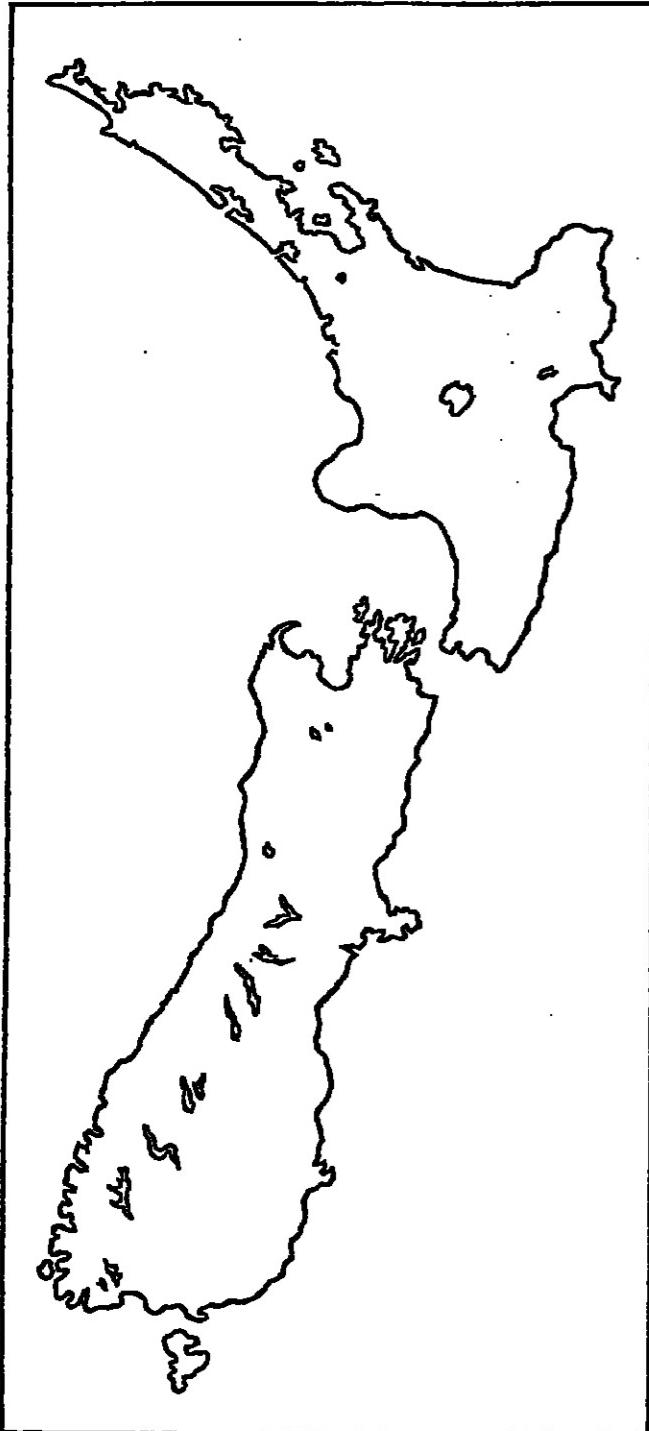
no such system. Community countries obstruct the entry of New Zealand lamb and other types of New Zealand meat with prohibitions, quantitative restrictions, variable levies, customs duties, import licensing, taxes or discriminatory legislation.

If these obstructive conditions were applied to New Zealand lamb entering the United Kingdom, New Zealand's efficient meat exporting industry would be ruined and British housewives would have to pay greatly increased prices for lamb.



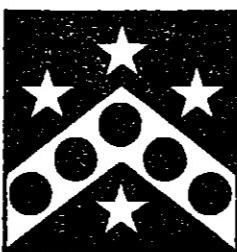
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Twenty-four thousand New Zealanders are delighted to know that a man who owns a castle in England recently put New Zealand carpet on the floors.

It was UEB carpet and the 24,000 people own UEB, as shareholders.

And it's not every day you sell your carpet to a castle.

In fact, five years ago, UEB wasn't selling carpet at all. Nowadays, there's New Zealand-made UEB carpet in homes, offices, hotels, shops, schools — and at least one castle — right round the world.

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But a company like UEB cannot stand still. So five years ago it went into textiles and now makes nearly half of all the carpet produced in New Zealand. And it's all wool.

Putting wool on floors round the world is good for New Zealand (where there are 22 sheep for every person) and it's good for the people who buy UEB. The wool is the world's best for carpets and UEB processes it right from the sheep's back to finished luxury. It even grows a special breed of sheep, the Drysdale, whose wool is just great for carpet-making. Because New Zealand has a world-wide reputation as a farming nation, UEB markets internationally in carpets. That's why it has a full sales office in London, handling its "Bremworth" brands — Ambassador, Aragon, New Frontier, Bramble Hill — in Britain and on the Continent. They're tufted carpets, shag-piled for deep comfort. They're full of colour, and full of wool.

UEB, while international in outlook, is thoroughly New Zealand and thoroughly modern. It's one of the nation's top 10 companies, with \$NZ67,000,000 turnover last year and a staff of 4,000.

It has 41 manufacturing plants in New Zealand and Australia. It makes every conceivable kind of packaging, consuming thousands of tons of paper and cardboard, made from New Zealand timber, every year. It has a building materials division. And an engineering division. And a printing house, a laboratory, a design department, a research and development section . . .

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## NEW ZEALAND VI

# Need for broader approach to wool marketing

By J. STEPHEN BRIDGES, Senior Lecturer, Victoria University of Wellington

Underlying the Battelle report to the New Zealand Wool Board on the future marketing of wool is the familiar story of a once vigorous and prosperous industry which failed to adapt and change with the market it is serving, thereby permitting new forms of competition to enter the market and flourish at its expense.

The Battelle report states in unequivocal terms that if New Zealand is to compete effectively against synthetic fibres it must adopt the industrial marketing concept in which wool is viewed not as an agricultural commodity but as an industrial input which must fit the needs of the user. The urgency of the action required is evident in Battelle's statement that "timing is extremely important—we hope that it is not too late to begin." The Wool Board has quickly responded to the report with its proposal to establish a Wool Marketing Corporation.

Regrettably, however, something was lost in the translation from the Battelle report to the Wool Board proposal, for the so-called Marketing Corporation would be confined—at least initially—to the distribution and selling functions of marketing. This fits the New Zealander's understanding of the term marketing which has become a fashionable word in the past few years. Great Britain's threatened entry into the EEC spurred a drive to find new markets for existing products. "Marketing" was the label applied to these efforts, but selling was the approach used.

### 1960 level

Nevertheless, a broader approach to marketing is required if wool is to compete more effectively in the future, particularly against synthetic fibres. Whereas the total market value of synthetic fibres has grown dramatically over the past ten years, New Zealand wool exports have fluctuated around the 1960 level of \$NZ207.5m. The latest Wool Board estimate for 1971 exports is \$NZ189.1m. Hence New Zealand's share of the fibre market is declining and prospects for the future are not encouraging.

Although there are various reasons for this performance, a

major factor has been New Zealand's rigid adherence to methods developed a century ago. Battelle's survey of wool users in several countries revealed 12 problems which users have with wool, most of which can be classified into two categories:

Quality and processing difficulties, including (as compared with synthetics) high processing losses, weak yarns and complexity of handling and processing; and

Poor sales and servicing policies, including uncertain deliveries, no quantity discounts, no technical service and little trade credit.

Synthetics mounted a direct attack on these weaknesses, thereby providing much greater fibre user satisfaction.

New Zealand has been unable to respond effectively because the operating body of the wool growers, the Wool Board, does not have statutory powers to do so. Moreover, desire for reform in the past has been thwarted by wool growers, men primarily concerned with production and prices, not businessmen oriented to the needs of wool users in distant markets.

The Battelle study was commissioned to overcome grower opposition to reform and to dramatise the need for a marketing approach. The Wool Board proposes that the new Marketing Corporation would rectify sales and servicing inadequacies, partially by stream-

lining distribution, and developing new and existing markets. However, powers are vaguely enough worded that other functions could be undertaken. The Corporation would assume some of the operations of the Wool Board though the latter would continue to promote wool in New Zealand, conduct product research, and act as the principal liaison between the Corporation and the International Wool Secretariat (IWS).

### User's need

It would appear that the Wool Board's proposal is a compromise between what is ideal and what it considers to be realistic to achieve. Therein lies the major deficiency of the plan.

Ideally, the existing Board should be scrapped from the start and replaced with a Marketing Corporation run solely by businessmen vested with policy-making powers for all marketing functions—including product research and development, promotion, distribution and sales/servicing. Only in this way can an integrated marketing programme, based upon a continuing analysis of the fibre user's needs, be developed.

The current proposal, however, fragments these functions among three separate bodies—the Wool Board, the Corporation, and the IWS. This would preclude the effective co-ordination of a total marketing plan and would make it extremely difficult to adapt quickly to changing market conditions.

Another serious deficiency in control over their wool clip. They cannot understand why the Corporation should be dominated by businessmen since they cannot understand the problems from a modern marketing point of view. It is ironic, and unfortunate, that because of the myopia of the grower, a tiny step forward is proposed when, in view of the magnitude of the problems and the tardiness of response, it is to the growers' best interest that a leap be taken.

### Guarded hope

Perhaps because the proposed Corporation is a compromise, few New Zealanders view it as a panacea. The main attitude, including that of the Wool Board, is one of guarded hope—not that growth will be resumed but that the decline can be halted. Yet,

even if it is not, New Zealand should profit from this experience. The lesson of the wool industry should alert other Producers Boards to the need to become commercial business operations which have the flexibility to adapt to changing market needs. Unfortunately, even to-day too much emphasis is placed on finding new markets for existing products and too little attention is paid to potential competitive substitutes, for example, synthetic meat. It is true that New Zealand is converting to a marketing orientation, but it is a painfully slow process, one which is seriously impeded by the short-sightedness of the farmers.

## Forest industry moves into processed products

By NEALE McMILLAN

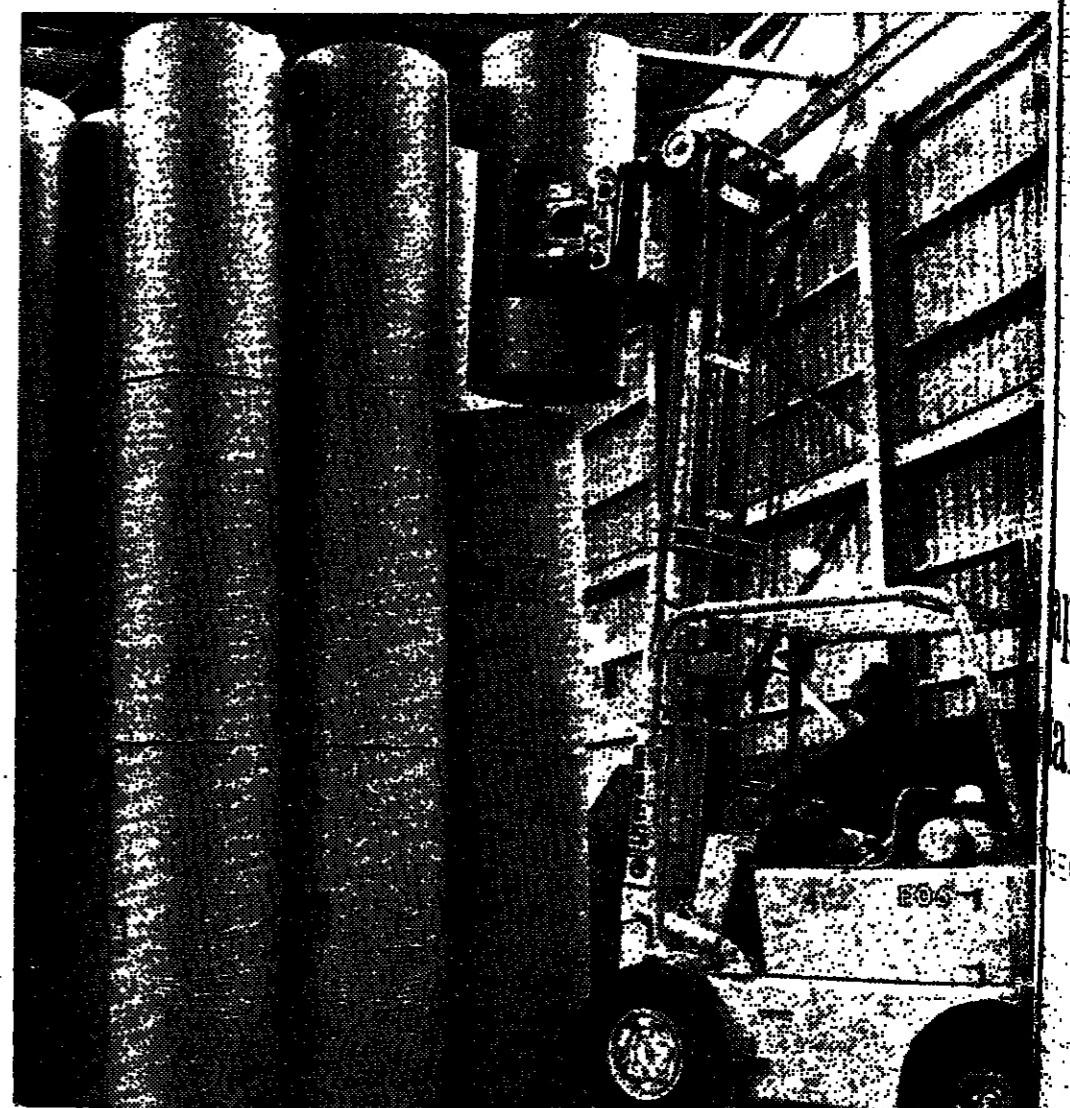
After ten years of huge export earnings from raw log sales to Japan, New Zealand is about to concentrate virtually all of its burgeoning forest industry upon the lucrative field of processed timber products. With a forest industry worth less than \$NZ20m. a year in 1960, New Zealand has, by judicious exploitation of reliable markets in Japan and Australia, more than trebled the value of its forest exports to \$NZ71.3m. in 1970. Latest official estimates predict overseas sales worth at least \$NZ129m. by 1978 which, if attained, will yield 7.5 per cent of the nation's total exports. But, in sharp contrast to the past decade, practically none of it will leave New Zealand unprocessed.

The past ten years has seen a forestry phenomenon. Continually under threat of British entry to the European Community, the industry has worked assiduously to improve its trade in wood—partly by utilising a short-term surplus of softwood logs which has met a ready demand in Japan, and partly by increasing paper and pulp production to maintain prices in an inflationary world climate.

### Log boom

The result has been: log exports increased from \$1.1m. to \$24.8m.; newsprint from \$6.2m. to \$15.3m.; sawn timber from \$2.7m. to \$10.7m.; and wood pulp from \$5.6m. to \$9.1m.

Never regarded as being more than a short-term proposition, the log boom is ending, having served a valuable purpose. Apart from its exchange earnings it has opened a valuable market in Japan for further development, has helped forest-based companies overcome liquidity problems, and has fostered further afforestation. For each of the past two years the quantity of logs exported has exceeded 60m. cubic feet, and is likely to be about the same in 1971. About one-third of this comes from State forests and the remainder from private and company forests. Log exports



Finished newsprint at the Tasman Paper Works, Kawerau, North Island.

cessing is an obvious step towards greater profits. Realising this, Japanese businessmen have recently become involved in a joint venture with New Zealand interests to establish an integrated sawmill and refiner groundwood pulp mill near Napier. The enterprise will take 320m. cubic feet of exotic softwoods from three State forests over the next 20 years.

By the time log exports are virtually phased out in 1974, several significant developments in timber processing will have taken place. In 1972, New Zealand Forest Products Ltd. will be expanding its pulp production to supply an additional 80,000 tons of pulp and paper for export annually. The following year it will increase its export of industrial papers.

In 1973 also, Tasman Pulp and Paper Company will expand by 100,000 tons its annual production of pulp for export, and at Napier the joint New Zealand-Japan venture of Carter-Oji-Kokusaku Pan Pacific Ltd. will begin producing 120,000 tons of refiner groundwood a year. The year 1974 should see a 50 per cent increase in production by Carter-Oji-Kokusaku and the Tasman Company will expand its newsprint production by 120,000 tons.

Although present exports of forest products are based largely on North Island exotic softwoods, the Australian market as requested reveals gradual use of some of wood materials for many years to come.

As New Zealand's largest single market, Australia took 50 per cent of forest exports in 1970. It took over 95 per cent of newsprint exports (worth \$14.8m.), 82 per cent of pulp exports (worth \$7.5m.), and 50 per cent of sawn timber exports (worth \$5.5m.). Prospects for increased timber sales in Australia are bright because of the growing acceptance of construction grades of radiata pine and the reduction in tariffs on dressed timber under the New Zealand-Australia Free Trade Agreement.

Japan in 1970 bought 35 per cent of New Zealand's forest exports, mainly comprised of logs valued at \$24m. and timber valued at \$2.1m. Wood chips have already earned over \$2m. and this trade is expected to develop as log exports decline.

Next to Australia and Japan, New Zealand regards the Pacific Islands and Britain among the best prospects. A significant increase has been achieved in sawn timber exports to the US, amounting in 1970 to 55,000 bd. ft. of radiata pine, worth \$453,000.

Wood chips

State-owned forests alone contain almost five million acres of native beech for which an industrial demand is becoming apparent. But the Government, wary of strong public feeling for the conservation of natural resources, envisages a scheme using less than 10 per cent of this. Plants producing wood chips for export to Japan could be followed by pulp industries and possibly even kraft paper mill, with a likely export potential of \$25m. a year. Small experimental quantities of indigenous hardwood chips of mixed beech species were first exported in July, 1970.

In all its planning, New Zealand has focused its gaze primarily upon Australia and Japan, whose high growth rates offer reliable markets with good potential for markedly-increased sales and with good prospects for continuing satisfactory price levels. It has been able to capitalise on the heavy dependence

## NEW ZEALAND VII

# Closer economic ties are developing with Australia

By IAN TEMPLETON

New Zealand and Australia, after keeping each other at arm's length for several generations, are drawing closer together. The embrace between the continental giant and the island dominion is not yet very cosy. To sensitive New Zealanders, it sometimes seems that Australia is lumbering lumbum around as if it does not know its own strength, and they fear the Australian embrace in case it crushes the life out of the (by comparison) embryonic New Zealand manufacturing industry.

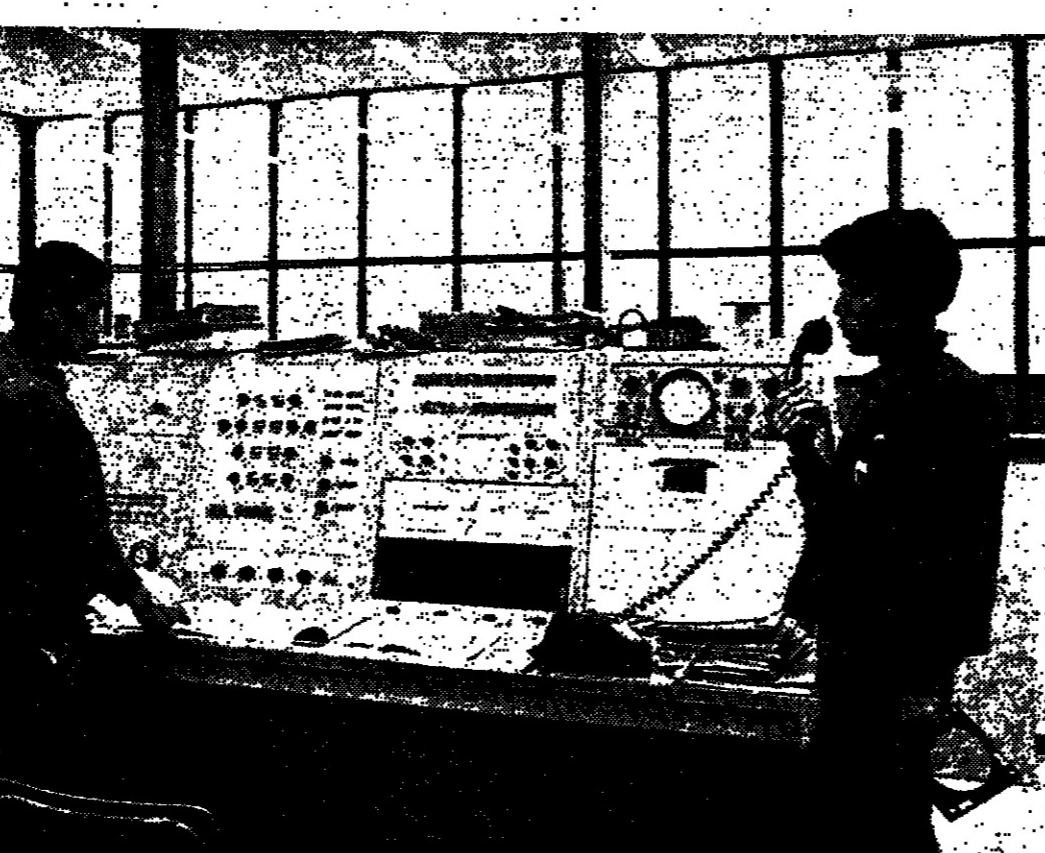
The curious remoteness that earlier pervaded Trans-Tasman relationships has gradually disappeared during the 1960s as trading, commercial, social and political contacts have intensified. NAFTA (the New Zealand-Australia Free Trade Agreement), despite an initial lack of enthusiasm on the New Zealand side, has stimulated two-way trade so that it is now running at an annual rate of more than \$300m.

The process has been hastened by the rundown of the British presence in the Far East and by the British move into Europe. Both Australia and New Zealand have become more aware of their own destiny in the Pacific. Statesmen on both sides of the Tasman see the advantage of closer integration in the Anzac partnership. On the Australian side, however, there is immense sympathy as "the lucky country" absorbs the significance of staggering finds of minerals and oil. And while some of the New Zealand fears have been quietened, they have not disappeared completely. But as Australian prosperity, based on new mineral wealth, surges ahead, there is a new incentive for New Zealand, beset by adverse terms of trade for its predominantly agricultural exports, to grasp the coat-tails of Australian success.

**Combined markets**

This year the Ministers of Trade of the two countries, searching for new bridgeheads, have promoted the concept of *industry rationalisation* for the area market. This has meant encouraging industries to plan their investment and production on the basis of supplying the combined markets. Under one rationalisation proposal, for example, Caxton Paper Mills, of New Zealand, will produce issue paper for the area market while Australian Paper Manufacturers specialises in other papers.

Perhaps the most significant moves for area developments, part from those in the forest industries, have been in the car



Japanese technicians from Nippon Electric Company installing the control console at the operations building of the earth satellite station near Warkworth.

industry. The Nelson assembly plant of British Leyland Australia—and many have found port licensing by a sensible company is perhaps symbolic of the growing thrust of Anzac content) for Australia, while BLMC factories in Australia produce Minis and 1100s for the New Zealand market. General Motors Ltd. has decided to centralise production of Frigidaire home appliances at a factory in Petone near Wellington (and transferred a shipload of equipment from its plant at Dandenong in Victoria); shipments of Frigidaire to Australia qualify for special import licences issued by the New Zealand Government so that General Motors can import Holden cars to an equivalent value. Ford has started construction of a new plant at Wiri near Auckland, to manufacture gearboxes and other components for cars assembled in both Australia and New Zealand. Again, the shipments to Australia will qualify for special import licences so that more "made-in-Australia" Fords can be shipped across the Tasman.

**Sensible tariff**

The strength to be gained from longer-run production for the area market ought to equip industries on both sides of the Tasman to compete more effectively in export markets. The he calls the "disappointing" experience New Zealand firms progress made not only with wide Transport of Australia, still closer to Australia.

Government sensitivity, he believes, lies at the root of what group of London, by a consortium formed by Thomas Nathan, is still closer to Australia.

Some authorities believe New Zealand has been unusually cautious in its approach to NAFTA. They argue that if New Zealand industry is to become more efficient it must be increasingly exposed to competition and wheedled away from the over-protection it has become accustomed after 53 years of import licensing.

As Professor F. W. Holmes, chairman of the Monetary and Economic Council, put it earlier this year: "We badly need that combination which faster freeing of trade under NAFTA could provide, of increased opportunities for expansion in a larger, freer market and greater competitive stimulus to be efficient and hold costs."

**Social contacts**

Matching the commercial links are the fast-growing social contacts between Australians and New Zealanders. In 1960 about 15,000 Australian tourists visited New Zealand; in 1970, union or federation. Each about 60,000. By 1975, total country has developed its own Australian visitors to New Zealand, and neither are estimated to reach 190,000. The expanding flow brawls in Canterbury this past year are a far cry from the Tasman is of similar proportions of New Zealanders. Telephone calls across Zealand's Holyoake and Kirk, the Tasman rose from 33,000 in 1960 to over 250,000 last year.

In any case, the two countries are already as close-knit as any. With higher wage and salary other grouping, with perhaps rates, Australia has in recent the exception of the Benelux years attracted many younger countries or the Nordic Union. Kiwis. Australian salaries for

The Prime Ministers regularly telephone each other, as do servants, university staff and individual Cabinet Ministers.

The recent take-over of the

Union Steam-Ship Company

(the dominant unit in New Zealand coastal and trans-

Tasman shipping and a sub-

division since 1917 of the P & O

line) by a consortium formed by Thomas Nathan, is still closer to Australia.

With the departure of New Zealanders voting with their feet may be the strongest lever

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on New Zealand to exercise the

economic discipline to push up

its rate of growth, and draw

upwards.

The Tasman is of similar pro-

portions of New Zealanders.

Telephone calls across

Zealand's Holyoake and Kirk,

the Tasman rose from 33,000 in

1960 to over 250,000 last year.

In any case, the two countries

are already as close-knit as any.

With higher wage and salary

other grouping, with perhaps

rates, Australia has in recent

the exception of the Benelux

years attracted many younger

countries or the Nordic Union.

Kiwis. Australian salaries for

The Prime Ministers regularly

telephone each other, as do

servants, university staff and

individual Cabinet Ministers.

The recent take-over of the

Union Steam-Ship Company

(the dominant unit in New

Zealand coastal and trans-

Tasman shipping and a sub-

division since 1917 of the P & O

line) by a consortium formed

by Thomas Nathan, is still closer to Australia.

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# NEW ZEALAND

The news travels

"Prime tourist target in Pacific area...greatest expansion potential..."

New Zealand's tourist industry is growing faster than the world rate; with no doubt at all, tourism is quickly taking its place as a vital factor in the economic growth of the country.

Tourist amenities and services are expanding to meet the demand.

Annual tourist figures will reach well over half a million during the next eight years; there was a 30% increase last year alone!

We know, because we are there, deeply involved in New Zealand's development—ready to help you too.

Meanwhile, why not study a copy of the latest edition of our "Review of the Economic Situation in New Zealand" or our booklet "Investing in New Zealand"? They are yours for the asking.

Over 200 branches and agencies throughout New Zealand.



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NEW ZEALAND AIRLINES

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## NEW ZEALAND VIII

# Trade with Britain: both sides need to take a closer look

By DAI HAYWARD

British exports to New Zealand are increasing in value (partly as a result of inflation) but falling in volume.

In 1950 Britain held over 80 per cent. of the New Zealand market. By June, 1968 this had shrunk to 30.4 per cent. and to-day stands around 29 per cent. Blame for this decline in Britain's share of the New Zealand import market, which now exceeds \$NZ1,000m. annually, can be placed both on the British and New Zealand end of the export line.

All too often British exporters and manufacturers as seen from here appear to lack aggressiveness in fighting to hold what they have; they show a reluctance to lobby New Zealand customers or officials in the same way that many of their competitors do; there is still—despite some recent costly defeats in the export battle—too much British complacency about the New Zealand market and too frequent indications that British suppliers have not done their homework.

On the other hand New Zealand is often too easily swayed by glossy salesmanship from foreign suppliers, and Britain could argue that Government officials (even Cabinet Ministers) responsible for placing big contracts do not give the support to the British-New Zealand trade agreement which the U.K. could reasonably expect. Under this 1966 agreement there is an implicit understanding that, other things being equal, Government contracts will be steered Britain's way.

### Biggest spender

The Government is the biggest single spender in New Zealand, each year placing contracts worth many millions of dollars. The second biggest spenders—collectively—are the local authorities. These could be important markets for the U.K. but during the past few years and even during the past few months, many multi-million dollar public contracts

have gone to Japan or some other foreign competitor.

New Zealand officials will defend this by claiming that the foreign tenders are more favourable or that they are technically more suitable for the job in hand. In some cases this is probably true, but in others the British manufacturers claim that they could supply a comparable article. The most famous instance—the New Zealand choice of the American Boeing aircraft in preference to the BAC One-Eleven, is now ancient history, but more recently New Zealand placed a contract with Japan for an earth satellite tracking station. A leading British company claims that it could have supplied a station equal to the Japanese one.

A British computer manufacturer who is doing relatively good business in the private sector claims that it is getting hardly any business from public contracts, although it is anxious to supply this field.

New Zealand is an important market for the British motor industry—cars being the single biggest British export, worth approximately \$NZ600m. British cars are well known here, but New Zealand government and semi-government organisations have recently ordered Japanese cars for their official work.

Sales of British cars are not helped by excessively long delivery dates. One Wellington agent for a well-known popular British make is quoting five months as the earliest he can hope to promise delivery. By comparison the agent for a Japanese car not only promised delivery within six to eight weeks, but also offered a Wellington businessman the free loan of a car until the new model arrived.

With the ending of British preference, when Britain enters the EEC the competition and basic price differential between British cars and their competitors from Japan and Germany will become even more marked. Forecasts have already been

made that Japanese cars will cut a big slice out of the British trade when the preferential duty goes. Japanese car makers are certainly creating the impression with the New Zealand public that they offer the customer a better deal—although this is often not the case.

### Foreign bids

Friends of Britain and local agents for British firms have urged U.K. companies to take more notice of the lucrative government market by showing more interest than is sometimes now the case.

Too often the British supplier takes the attitude that because he has always done business with New Zealand it will stay that way, or he does not put enough effort into producing a tender which can match the foreign bids.

For years Britain has supplied telephone equipment for the

New Zealand post office. This trade connections claim that Britain should still be able to compete if it really tries. The British trade association has criticised suggestions that Britain will no longer be interested in the N.Z. market when it loses its preferential position.

### Personal contact

Foreign countries, including those from Europe which have moved into the New Zealand market during the past few years pay a great deal of attention and time to personal contact and the winning of friends in areas where they want to do business.

Criticism has also been levelled at British companies which regard the British preferential tariff as a way to increase profit instead of reducing prices and thus winning a bigger share of the New Zealand market.

Life will be tougher in New Zealand for British exporters when British preference goes, but New Zealanders with British

Britain also suffers, surprisingly, because its goods are often familiar to the New Zealand public. There is more novelty value in the German's Italian machine, appearing for the first time at an agricultural fair or in a dealers showroom than there is in the well-known British prototype.

To overcome this, and the other factors working against it in the New Zealand market, Britain must take a good hard look at its trading and selling efforts. Above all, it should realise that the New Zealand market is worth fighting for this June year with only 29 per cent. of the total market. British exports earned \$310m. from New Zealand. But British exports are under pressure and U.K. firms should take a look at some of the methods used by their competitors who are steadily making inroads into this market.



Shotover River Gorge near Queenstown.

# Tourist earnings growing fast, with good prospects ahead

By DENIS WEDE RELL

Three Las Vegas investors lottery, with profits going to order for winding-up, having would have meant despoiling the spread plans for a \$NZ7m. good causes, sports clubs, the lake shores and the partial international casino and tourist arts, and science.

But an international casino was something else. There were suggestions that this might let the Maori in and that it would also keep New Zealanders out. Mr. B. J. Dallessi, Mayor of Picton, in the beautiful Marlborough Sounds, where the Americans planned to build their million-dollar complex of casino, hotel, mini-zoo, and sports and cultural facilities, said afterwards that it was never intended that the casino should be used by anyone "other than overseas members of a private club."

The present Government has already been sharply criticised for letting Americans buy up some of the best high country and the fishing and shooting rights that go with it, and most New Zealanders would react strongly to building a private club for the international jet set right in one of the most choice sites in the Sounds. This was too much even for a country which has become aware of the potential of international tourism.

It is not that New Zealanders do not like gambling. As a nation they are big gamblers, but the money is well spread around. Most people have a flutter on the horses on most Saturdays throughout the year. The Government runs a national

lottery, having would have meant despoiling the

lake shores and the partial destruction of the scenic value

of one of this country's most beautiful lakes.

On the Coromandel Peninsula, east of Auckland, the plans of a syndicate to build a multi-million-dollar holiday resort has met with conservationist opposition. A joint local body, Government department plan to establish a large-scale system of reserves, involving 50,000 acres of coastal land, was put in jeopardy by the syndicate's project.

Conservationists are also holding up the construction of a 140-room hotel in Queenstown

planned by the Travelodge group, from Australia. A group

of descendants and early ex-

plorers and settlers have banded

together to protest about "the

prospect of a hotel of multi-

storey being built close to the

edge of Lake Wakatipu. The

land in question is a reserve,

granted by Queen Victoria to

the Province of Otago to be

held in trust as grounds where

animals and plants may be

acclimatised." The objections

have been overcome, however,

and the hotel will go ahead

after some further delay.

**Fast growth**

Even so, tourism is growing at a rate well ahead of the National Development Council targets in terms of both Reserve Bank travel receipts and visitor numbers (270,000 in 1970).

Only manufacturing is growing faster, by a small margin. Last year the manufacturers put up an export growth rate of 31.6 per cent., while tourism foreign exchange earnings grew by 28.3 per cent.

Forest products returned an increase of 19.1 per cent., and none of the big, traditional earners of foreign exchange meat, wool and dairy produce did better than 4.4 per cent.

(The returns from wool were down by 11.6 per cent.)

Yet tourism has a long way to go. Even at that rate of earning the total, last year, was a little over \$NZ33.5m. up from \$NZ27.5m. on the previous year.

But cargoes of dairy products brought in \$NZ248.3m., meat \$NZ440m., and wool, after a bad year, \$NZ206.3m. Even

"other animal products," at \$NZ48.3m., did better than tourism.

New Zealand has only two things to sell: its natural resources and its people. The first

became known around the world

in the middle of the nineteenth century, when travellers told

marvellous tales after visiting the famous Lake Wakatipu and the Remarkable Mountains.

Other hotel development is going ahead, particularly in the cities.

An indication of the scope of hotel development is shown by

the fact that Wellington's new

James Cook Hotel, due to open

in the New Year, will be the tallest building in New Zealand.

Combined with a multi-storey car park, the hotel will be 300 feet high.

The international tourist in

Cook Islands. New Zealand is contribution to the tourist

## Jones, Lang, Wootton

International Real Estate Agents  
Development and Investment Consultants

have their own offices in

### NEW ZEALAND

(Livingstone & Jones, Lang, Wootton)

121 Worcester Street, CHRISTCHURCH

and

IBM Building, 1 Turner St., AUCKLAND

also in

LONDON, AUSTRALIA, BELGIUM,

FRANCE, HOLLAND, JERSEY,

REPUBLIC of IRELAND and SCOTLAND

**JONES LANG  
WOOTTON**

### Popular support

A casino is not the first venture that failed to get off the ground. At the end of this month the hopes of George Willes, a British millionaire who planned to turn Walter Peak, on Lake Wakatipu, into a multi-million-dollar tourist resort, will come crashing down to the sound of an auctioneer's hammer. He floated a \$NZ1m. share issue to develop the 60,000 acre sheep station last year, but failed. On October 18, an aluminium industry. That

Whakarewarewa, a Maori model village

Rotorua.

The industry is showing growing interest in New Zealand and the South Pacific tourist boom. The rate of increase for Australian tourists, at 91,000 in 1970, has slackened a little. In North America, with 72,000, there was a 27% increase in 1970. Government continues to play a close hand on behalf of Air New Zealand. Nandi Airport in Fiji is still the key to the South Pacific but Rototonga's new jet airport will soon open up the Cook Islands. New Zealand is contributing to the tourist

## ALLIED'S PLANNED BID FOR THF

# Two giants in the leisure market

BY KENNETH GOODING

A MERGER between Allied Breweries and Trust Houses Forte, if it can be worked out, would touch the lives of most people in the U.K., who are not customers of either Allied or THF, which together cover a vast number of leisure activities.

Leisure is the key word here. Brewers like Allied have for some years now been hammering home the point that they are not just producers of beer and owners of premises where it is served. They see themselves in competition with all types of entertainment businesses at with many of the limited cash people have to total marketing budget in their leisure hours.

**Overseas**

Allied now sees the chance of using its "overseas" business to put itself—and THF—on a much broader base from which to attack the leisure market, not only at home but also overseas where both groups have considerable operating experience.

But consider first the scale of each company's existing operations. Allied does not have quite the brewing capacity or the number of "tied" outlets of its major rival, Bass Charrington; but by market value (last night it was worth £355m.), it is Britain's largest brewing group.

It was itself the product of a massive merger when three companies of roughly equal size—Ind Coope, Tetley Walker, and Ansell's—got together in 1961. Those names still take pride of place on the Allied public houses. In 1963 Allied added the Gainsford-based Friary Meux business to its brewing side, but the most important diversification step came in 1968 when it merged with Showerings, Vine Products and Whiteways.

To-day, Allied has split its UK operations into two divisions, one covering beer and hotels and the other wines, spirits and soft drinks. There are 8,000 pubs under either the Ind Coope's Tetley Walker or Ansell's signs, and the beer and hotels division also takes in 680 off-licences. The hotels are grouped in the Ind Coope Hotels

**Cider, sherry**

It is not surprising that its national brands' list is quite impressive, including on the beer side Double Diamond—the "I'm only here for the beer" beer—which the group claims is the biggest-selling brand in the country. Other beers include Long Life, Skol International lager and Triple A strong ale.

The Showerings group brought with it brands like Babybalm—on which that company's fortunes were founded—Coates, Gaymers and Whiteways ciders, the Britvic fruit juices and Harveys, which is famous for its Bristol Cream sherry, and other wines and which Showerings had acquired shortly before merging with Allied.

Also on the wines and spirits list Allied has products like Cockburn ports; Don Cortez Spanish wines; Nicolas table wines from France; its British International, a company which

wines include the best-selling V.P. made under world-wide franchise. Allied has nine breweries chise a lager of consistent firm foothold there. The group join forces.

**ALLIED BREWERIES****BEER AND HOTELS DIVISION**

Allied Breweries (U.K.)  
Allied Breweries (Production)  
Ansell's  
Ind Coope  
Joshua Tetley & Son

**WINES, SPIRITS AND SOFT DRINKS DIVISION**

Showerings, Vine Products & Whiteways  
Britvic  
Coates, Gaymers & Whiteways  
The Curtis Distillery Co.  
Glen Rossin Distillers  
Grants of St. James's  
Harveys of Bristol  
John Harvey & Sons  
Minster (Soft Drinks)  
R. N. Coate & Co  
Showerings  
Stewart & Son of Dundee  
Victoria Wine-Ty whole

**DRINKS DIVISION**

Whiteways Cyder Co.  
William Gaymer & Son  
Woolley, Duvil & Beauvois  
A Delor et Cie SA (Bordeaux)  
Cantrell & Cochrane Group (Dublin)  
Cockburn Smiths Y Cia Limitada (Portugal)

**INTERNATIONAL DIVISION**

Allied International Breweries  
Loza SA (Brussels)  
Allied Investments (Bermuda)  
Ind Coope African Investments (Nairobi)  
NY Bierbrouwerij 'De Drie Hoefijzer' (Netherlands)  
Houweling-Warwick NV (Netherlands)  
Verenigde Nederlandse Brouwers Breda-Oranjeboom NV (Netherlands)

**OPERATING COMPANIES**

Harmony Hall Hotel, Bermuda  
Kensington Close  
Lillywhites  
Lunchon Vouchers  
Matai Hotels  
Milbanke Travel  
Quaglino's Hotels  
Travel Holdings (Australia) Pty.  
Trust Houses  
Trust House Westminster Hotels  
Trust House Hotels  
Trust Houses Forte International Travelodge  
Forte Catering (contract catering, motorway service areas, Little Chefs, restaurants, outdoor catering, licensed houses)  
Forte Airport Services  
THF Products  
Joseph Terry & Sons  
Trust Houses Forte Leisure  
Talk of the Town, London  
Belle Vue, Manchester  
Festival Gardens, Battersea

**ASSOCIATED COMPANIES**

Associated British Entertainments  
Central Beach Amusements (Blackpool)  
Entam  
Empresa Turistica Vale do Lobo  
do Algarve, Portugal  
Forte C.C.  
Forte Holdings  
Frederick Hotels  
Gardner Merchant Foods Services  
Les Grands Hotels Associes S.A.  
France

**TRUST HOUSES FORTÉ****OPERATING COMPANIES**

Harmony Hall Hotel, Bermuda  
Kensington Close  
Lillywhites  
Lunchon Vouchers  
Matai Hotels  
Milbanke Travel  
Quaglino's Hotels  
Travel Holdings (Australia) Pty.  
Trust Houses  
Trust House Supplies  
Trust Houses Group Finance N.V.  
Holland  
Trust Houses International, Bermuda  
Trust Houses (Ireland)  
Trust Houses (Overseas)  
York Holdings

**SUBSIDIARY COMPANIES**

Airport Catering Services  
Airport Catering Services N.V.  
Holland  
Entam  
Forte C.C.  
Forte Holdings  
Motorway Services  
Severnside Hotels  
Travelodge Australia  
Travelodge International Inc., U.S.A.

consisting of hotel rooms, flats and large banqueting facilities, simplification, but of the two elements which made up the single operating unit.

The other side, Trust Houses Hotels, is responsible for 181 and the other was catering-oriented. Allied would add a third element—the provision of branded products for both types of outlets. Perhaps the effect on Allied's beer production would not be very great but the addition of THF outlets to its wine and spirit customers would have a big impact. Much of THF's wine and spirits business currently goes to a private concern, Grierson-Blumenthal.

Catering interests were put into Forte Catering, except

Forte Airport Services, which forms a separate division, and takes in contract catering concerns like Gardner Merchant and popular catering such as the Little Chefs, the motorway service restaurants and the Henekey Inn chain.

Manufacturing, and the operations of Terry's of York chocolate company are the responsibility of THF Products; there is actually a division called Trust Houses Forte Leisure to run London's "Talk of the Town" theatre-restaurant, the Belle Vue complex in Manchester, the Festival Gardens at Battersea, and 10 seaside piers, including the one at Blackpool.

**Board split**

THF would not normally have been a target, even for such a large group as Allied, but the much-publicised Boardroom row which involved the dismissal of managing director Mr. Michael Pickard and split the directors has had its effect on morale throughout the company and on the share price, making it vulnerable to some sort of approach from outside.

Allied has had its own share of Boardroom dissent. For many years after the original merger in 1961 the individual operating companies kept most of their autonomy. But when he was chairman and chief executive, Sir Derek Pritchard forced through a scheme which put the reins firmly in the hands of the central Board. More than a dozen directors of subsidiaries left about this time. In the event, Sir Derek was soon to follow, although he denied that this was anything to do with widespread rumours of more Boardroom unease.

Personality conflicts have, therefore, played a great part in the recent history of both Allied and THF, so it is fair to assume that when the pros and cons of the proposed merger are mulled over in the days to come, some people will concentrate more on whether the directors of Allied and THF make a logical fit rather than on the question of whether together the companies are at present aimed at getting more town-centre hotels in major European cities where there is a good flow of business traffic. At home, however, motels, in the shape of the Trust Houses Westminster, which operates seven hotels in the West End and Kensington, two in Holborn (the Waldorf completed this year, and nine more are scheduled for next year), and the Russell and Grosvenor more are having an even greater impact on the world leisure scene.

**Pulled out**

The remaining division was to have been responsible for holding the group interests in overseas companies formed jointly with Travelodge, the U.S. group, but legal complications held up its formation. And only last week THF confirmed it has pulled out of a £55m. plan to establish a chain of motels in Europe through the Travelodge consortium. Expansion plans overseas are at present aimed at getting more town-centre hotels in major European cities with competition, particularly from the European hotel chains who were spreading their operations across the globe, and with the incentive of the big airlines looking for accommodation for all the charter flights they expect to operate in years to come.

The Trust Houses division operates the hotels but it has been split into two. One side, Trust Houses Westminster, which operates seven hotels in the West End and Kensington, two in Holborn (the Waldorf completed this year, and nine more are scheduled for next year), and the Russell and Grosvenor more are having an even greater impact on the world leisure scene.

## Record car sales in August

BY DAVID WALKER

THE BOOST given to new and used car sales by the easier hire purchase terms and lower purchase tax announced in the mini-Budget on July 19 brought the total turnover of the motor trades in August to record levels, Department of Trade and Industry figures revealed yesterday.

In the secondhand vehicle sector, the improvement was slight, the official figure for the month was 29 per cent higher than a year earlier, over double the average increase achieved in the January-July period and well above the previous month's figure of 144.

The index is based on turnover at current prices, thus reflecting

both price changes and the reduction in purchase tax rates. For new cars alone, the index rose 49 per cent on August 1970, to 194, again well over double the average advance for the year till then, and much higher than the 18 per cent of the year before.

Ironically, the same kind of thinking was behind the decision for Trust Houses, Britain's biggest hotel group, to merge with Forte's Holdings, the catering combine built up by Mr. (now Sir) Charles Forte. Face with competition, particularly from the Motor Hotel chain who were spreading their operations across the globe, and with the incentive of the big airlines looking for accommodation for all the charter flights they expect to operate in years to come, Trust Houses and Forte would enable Allied to get a decided advantage.

Other sales and receipts, which



## Measure your Inertia Quotient

Perhaps this is your problem.

You would like to move offices from London.

You would like to thereby save the £1,000-a-year 'tax' that you're paying on every employee—in London rents, rates, and salaries.

But in your case—you tell yourself—it's just not on.

Well, perhaps this genuinely is your case. Or perhaps not. But here is how to test it. Scan this list of different sorts of office, and say which in your view could least afford to move out of London. Number them 1-8 in order of immovability.

A large merchant bank

A firm of stockbrokers

A solicitor's firm from an Inn of Court

A very large advertising agency

The headquarters of an international oil giant

An Unilever company

A City-based insurance company

Your own offices

Ready?

The answer is that the first seven are all equally movable. One or more firms in each of those categories have moved—and very profitably—from London, either the entire office, or a large division.

So if you didn't rank your own company as number one in the immovability order, the moral would be too obvious to print—except that you need an address and telephone number. So...

**Moral:** People more immovable than you have moved, thanks to LOB. LOB could save you £1,000 a year per person moved, for ever. LOB is, or are, the initials of:



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Tel: 405 2261

**Labour News**

## 1,500 London tally clerks halt port

BY ALEX HENDRY, LABOUR REPORTER

THE PORT OF LONDON was the men notice this Friday. He brought almost to a standstill said the company had asked to yesterday when 1,500 tally clerks went on strike to protest against employment of 36 clerks.

The spokesman added that the company had been forced to reduce its labour force because of the recession in the industry and the loss of a contract to another company.

Bearne's employs 91 clerks, including the 28 to be given notice, and all took part in the 24-hour strike yesterday by the tally clerks.

The decision to strike one day a week was taken at a mass meeting last week. Mr. Tom Roffey, Transport and General Workers' Union officer, said later they would increase this to two days a week if the dispute were not settled.

The clerks demand that the men being dismissed be immediately absorbed by other employers in the port. Mr. Roffey said it was never the intention of the labour scheme that men should be put on the unattached register without the prospect of permanent employment with another company.

This pool of unattached men is funded by a levy on all employers. In London there are now more than 500 dock workers on the register.

The 20 men, employed by Leete, have appealed against the decision of the Dock Labour Board to consent to their dismissal. The appeal tribunal will hear an independent chairman on the men cannot be dismissed until after it upholds the decision.

The second batch of 28 are men employed by G. Bearne. A spokesman said last in poor shape to meet the demand.

**Lighermen's plan**

Earlier this year the lightermen, now merged with the TGWU, delayed signing the second stage of their modernisation deal because they wanted a working-sharing scheme that would help their 116 members on the register. This is still being negotiated.

Last Friday the dock unions put in a claim to increase the £20 a week paid to the unattached men. The employers have yet to reply, but warned the unions that the industry was in poor shape to meet the demand.

A spokesman said last that it would probably give in.

**Swan Hunter strike leads to lay-offs**

By Our Own Correspondent

**SOUTH SHIELDS**, Oct. 18.—SWAN HUNTER shipbuilders is starting laying off workers from its Tyne yards from to-morrow night because of the unofficial strike by 700 fitters.

The first to be affected will be ordinary men who directly support the fitters. A spokesman for the consortium said to-night that was not yet known how many would go to-morrow as the figure still being worked out.

Meanwhile there is no sign of any move to try and end the stoppage, which began after 25 fitters had been suspended at the Neptune Yard, Walker, for refusing to work overtime.

More labour news on Page 32

## Short time at GKN works

£76,921 for Chinese porcelain

FOR the first time in 18 years

GKN Screws and Fasteners (Heath Street Division) is introducing short-term working because of falling orders from the machine-tool, engineering and other industries.

A four-day week is progressively being introduced over the next three weeks for some of its 4,500 workers in Birmingham. The short-time will be worked on a rota basis according to the order intake.

A company spokesman said further additions to stocks could no longer be supported and it became necessary to adjust production hours in certain sections. The measures were being introduced in full consultation with the unions.

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# COMPANY NEWS + COMMENT

## Allied Suppliers recovery trend

CURRENT levels of trade for Allied Suppliers, the food group, would indicate a return to the profit trends achieved before the setback in the second half of 1970, the directors state.

Group sales have increased from £10.6m to £14.7m, but profit before tax has fallen from £3.8m to £3.6m.

The interim dividend is held at 5 per cent; the 1970 total was 17½ per cent from profits of £7.1m.

First half 1971 1970  
Group sales 10.6m 12.05m  
Retailing 10.740 10.736  
Manufacturing 1.612 1.432  
Overseas 1.511 1.458  
Profit before tax 3.800 3.830  
Retailing 2.378 2.421  
Manufacturing 1.511 1.458  
Property income 608 602  
Expenses and interest 764 682  
Profit before tax 2.175 1.825  
Net profit 1.961 2.062

Statement Page 33

See Lex

## 3% more by J. Shaw (Salford)

THE directors of John Shaw and Sons (Salford) report that group profit for the year ended July 31, 1971, after a specific provision of £24,000 for potential losses on work for Rolls-Royce, Ltd., amounted to £39,449, compared with £22,563 previously.

The dividend is raised from 5 per cent to 6 per cent.

For the year, the group takes £12,894 (£11,500), leaving £26,453, against £21,065. The group manufactures hydraulic presses and equipment. It is intended to post the report and accounts together with the chairman's review to shareholders on November 8. Meeting, Wellington Works, Salford, on December 2.

## Progress at London Poster

REPORTING ON the first half of 1971, the directors of London and Provincial Poster Group state the results and the prospects for the rest of the year confirm the forecast made in May, and they expect at least to maintain the 15 per cent dividend.

The forecast was that profits for 1971 would exceed those of 1970 by more than the additional two months' profit from the Boro Group.

For the first six months, profit before tax has risen from £260,000 to £350,000. For the first time profits have been made by Australian Posters Pty. and Adshel (bus shelter advertising) although as yet at a modest level, while profits from the main operation are well maintained.

After tax £134,000 (£130,000) and minority £2,000 (nil), net attributable profit came to £144,000 (£160,000). The interim dividend is held at 6 per cent.

Liquidity has improved as a result of the sale of properties which were surplus to requirements following the acquisition of Boro.

**• comment**

Adjusting the first-half of 1970 to include a full six months from Boro brings London and Provincial's interim pre-tax growth in 1971 down to 14½ per cent, and it seems that a good part of this came from the new Australian operation. So with very little in the way of immediate organic growth coming from the group, only the now exhausted rationalisation benefits of the Boro merger

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presented a general 10-15 per cent increase in costs, pushing profits into reverse. More than half of L and P's work is done on long-term fixed price contracts and it takes the group six months or longer to increase prices. It looks as if L and P is going to be hard put to better last year's second half and increase earnings above a share of 10% for 1971 up to 10% last night. This is probably fair enough meantime, with the recently formed central buying organisation expected to have its first impact on profits in 1972.

## Dunbee-Combex advance

AN INCREASE in first half group net trading profit from £78,037 to £84,920, and subsequent trading figures, of Dunbee-Combex-Mark, confirm the Board's opinion that there should be a substantial increase in profits for the current year.

For the previous year there was a group profit, before tax, of £503,794.

The group manufactures toys, plastics and toiletries.

**• comment**

Interim figures from Dunbee are comparatively meaningless with roughly three-quarters of total profits coming from the second six months. However, a 9 per cent increase pre-tax fits in with the forecast of a good year. Orders to date are up 12 per cent, margins are better, and losses in toiletries and prams have been eliminated. There have also been price increases across the Board.

In the previous year there was a group profit, before tax, of £503,794. This year, taking £400,000 means a prospective p/e of around 14 at 110p. That could be a bit of a premium for a group in a recovery situation, especially when viewed against the general malaise of the toy industry.

## RCF profit expansion

A FINAL dividend of 5 per cent by RCF Holdings makes a total of 18½ per cent for the 16 months to July 31, 1971. For the previous 12 months the dividend was an equivalent 11½ per cent.

In July, the second interim dividend of 8½ per cent, that dividend met the forecast of 13½ per cent, for 12 months on capital as increased as a result of the offer for Fry's (London).

Pre-tax profits for the 16 months amounted to £776,224 and net profit was £57,701, representing profits of the former Rabone Chesterman Group for 16 months.

It is unlikely that the profits

were affected by the changes which took place towards the end of the period.

On the retail side it was not easy to maintain margins but by introducing a large number of Bishop's own label goods "we have managed to protect customers against substantial price increases and ourselves against a falling rate of profit." The company has increased its number of Babywear shops and is seeking further sites.

Half of the sales increase in the wholesale division came from supplies to the other trading divisions, with only a steady progress in sales to VG voluntary group customers. However, in this last respect, a massive national campaign is now under way and great activity is expected during the current financial year.

Meeting, Ruislip, November 17 at 3 p.m.

## Staffs. Potteries pays more

FROM RECORD group pre-tax profit of £290,691, against £175,804, Staffs. Potteries (Holdings) is lifting its dividend from 20 to 25 per cent, for the year to June 30, 1971, with a final of 15 per cent.

Also a special interim of 24 per cent is declared in respect of the current year, coincided with an "extremely buoyant" trading for the first quarter of the current year. The Board feel justified in recommending a suitable increase in dividend." In case present doubts arising out of the U.S. dollar crisis should not be resolved before June 30, 1972, and in case they should have any repercussions on the trade that have not yet been experienced, the Board are, as matter of prudence, recommending the proposed final of 15 per cent; but at the same time have created a dividend equalisation reserve of a further 2½ per cent which they propose to employ forthwith by declaring the special interim.

1970-71 1969-70

Allied Suppliers ..... int.

Bishop's Stores ..... int.

Dorrington Investment .....

Dualwest ..... int.

Eastern and General .....

Feedex ..... int.

French (Thomas) .....

Halma Investments .....

Hay & Robertson .....

John Jacobs .....

London Prov. Poster int.

London Trust ..... int.

Manganese Bronze .....

Miller and Lang .....

Newman-Tonks .....

RCF .....

Staffs. Potteries .....

Stafex .....

Staffordshire Potteries int.

Stonehenge Bricks .....

Town Centre Secs. ....

Ben Williams .....

Nov. 26 5 —

1970-71 1969-70

Home sales 2,249,233 1,855,716

Export sales 641,243 540,219

Total sales 2,890,482 2,394,935

Trade above tax 1,239,270 1,126,772

Taxation 113,370 107,772

Minorities 170,167 104,831

Attributable 608,137 507,104

Dividends 113,181 114,104

Unappropriated 110,756 106,335

\* Including £5,000 (20,000) equalisation

Retained 107,388 55,277

The dividend and special interim is shown to be covered over two and a half times.

Meeting, December 16.

**• comment**

Staffordshire Potteries really got into its stride in the final quarter of 1970-71, and a strong finish in the final quarter of the year, with a 15 per cent increase pre-tax fits in with the forecast of a good year. Orders to date are up 12 per cent, margins are better, and losses in toiletries and prams have been eliminated. There have also been price increases across the Board.

In the previous year there was a group profit, before tax, of £503,794. This year, taking £400,000 means a prospective p/e of around 14 at 110p. That could be a bit of a premium for a group in a recovery situation, especially when viewed against the general malaise of the toy industry.

**• comment**

Adjusting the first-half of 1970 to include a full six months from Boro brings London and Provincial's interim pre-tax growth in 1971 down to 14½ per cent, and it seems that a good part of this came from the new Australian operation. So with very little in the way of immediate organic growth coming from the group, only the now exhausted rationalisation benefits of the Boro merger

were affected by the changes which took place towards the end of the period.

On prospects, chairman Mr. J. Bradfield says the reduction in the SET bill for the current year and the buoyant sales are encouraging. On the other hand there is no sign of a decrease in the cost spiral.

If the divisions meet their budgets, prospects are good, but the directors have felt it prudent to adopt a conservative dividend policy in respect of the past year.

1970-71 1969-70

Group turnover 32,052,052 28,000,000

Trading profit 626,024 541,200

SET 188,088 124,544

Loans interest 4,846 4,929

Auditors' remun. 7,388 5,857

Provision for tax 121,200 115,000

Taxation 184,138 187,000

Minorities 121 147

Attributable 222,000 200,000

Dividends 113,181 114,104

Unappropriated 110,756 106,335

\* Including £5,000 (20,000) equalisation

Retained 107,388 55,277

The dividend and special interim is shown to be covered over two and a half times.

Meeting, December 16.

**• comment**

Despite a fall from £215,000 to £193,000 in first-half profit, the directors of Robert Hudson state that the 15 per cent increase in the year to June 30, 1970, indicated last May, will be achieved.

The results for the first half were affected in particular by problems in the automotive trade which have now been overcome, they explain.

The interim dividend is raised from 8½ to 9 per cent. The 1970 total was 18½ per cent.

Holders will probably be receiving detailed proposals covering the enfranchisement of "A" Ordinary holders on a one-for-15 basis, and the introduction of an executive share incentive scheme.

1970-71 1970

Share of Associates 65,000 55,000

Other income 112,180 105,720

Profit 120,490 115,520

Tax 73,600 70,920



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

# Govt. action will decide future of merged Bastogi

BY OUR OWN CORRESPONDENT

**THE FAILURE** of the public tender offer to buy 20m. Bastogi nite promise to dismantle the cross holdings whereby Montedison's shares does not appear to have affected the determination of the international group represented by the Westdeutsche Landesbank Girozentrale to oppose the proposed merger between Bastogi, Italpi, SES, and SGES Finanziarie. It now plans legal action against the four companies on grounds that the merger terms were unfair to shareholders, favouring Italpi shareholders at the expense of Bastogi.

A court decision that a Prima facie case existed on these grounds could bog the entire merger proposals down in legal wrangling of indefinite duration. The Italian Government concerned have still not received any reply from the Italian Government to their application for fiscal relief on capital gains and other aspects of the proposed merger. Without this the entire operation would be prohibitively expensive.

In a recent statement, Montecatini-Edison, which controls Italpi, and expects to be a major beneficiary of the proposed merger, said a favourable decision in principal has already been taken by the authorities. However, the Socialist Party in particular is known to oppose granting these reliefs unless Bastogi and Montedison's financial and peripheral activities.

But the Montedison time-table

politically in order to avoid the concentration of power in the hands of Signor Eugenio Cesa, the head of Montedison, and to some degree of political control over both Bastogi and Montedison.

The future of the enlarged Bastogi, therefore, remains shrouded in uncertainty, which could still be removed by Government action on the fiscal front and a rejection of the legal arguments put forward by merger opponents.

## Helsinki to raise \$15m.

BY WILLIAM LOW

**THE FIRST** of what is expected to be a steady flow of Eurobond loan will be floated on the international capital market later this month by the City of Helsinki.

An underwriting consortium led by S. G. Warburg will offer \$15m. of 15-year bonds, with an expected coupon of 8½ per cent. In view of the current strength of the Euro-dollar bond market, the issue should receive a strong response although some investors are not

MILAN, Oct. 18.

SETTLEMENT has been reached over the conflicting investments of B. F. Goodrich and Goodyear in Vredestein, the Dutch tyre and rubber manufacturing company.

Under the agreement, Goodyear's 49 per cent. of Vredestein's capital stock, but litigation has since resulted in neither of them being able to exercise voting control over the Dutch company's affairs.

Because this state of affairs continues, it is in the best interests of all concerned to reach an agreement. A Goodyear spokesman said the settlement was a subject of the fulfilment of certain conditions agreed to by the two companies.

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The Financial Times Tuesday October 19 1971

**Vehicle and General Tribunal of Inquiry****Chairman rules out misconduct**

BY JOHN HUNT

ANY POSSIBILITY of misconduct by officials of the Department of Trade and Industry in their handling of the Vehicle and General Insurance Company was ruled out yesterday, Mr Justice James, chairman of the tribunal investigating the collapse of the company.

"It is common ground that there has been no misconduct," he said. "As at present advised, we see no evidence of misconduct in the discharge of the supervisory functions by servants of the department."

He was referring to the second part of the tribunal's terms of reference which instruct it to find out whether there was negligence or misconduct by those responsible for examining the annual accounts of V & G under the Insurance Companies Acts, 1958-67.

**Counsel guided on final speeches**

**E INQUIRY** into the collapse of the Vehicle and General Insurance Company reached the end of its evidence yesterday. Counsel will begin to make their final speeches on Tuesday. These are expected to last at least 10 days.

Yesterday the Tribunal's chairman, Mr Justice James, made a statement for the guidance of counsel.

He referred to the Tribunal's term of reference which they had to consider whether there had been negligence or misconduct by servants directly or indirectly responsible for the discharge of functions under the Insurance Companies Acts 1958-67.

**misconduct**

He said it appeared to be common ground that there had been misconduct by the Department of Trade and Industry or officials of companies and insurance such.

He said: "As at present advised, we see no evidence of misconduct by the servants of the department."

The question of negligence had been considered in regard to the department and to individuals. The Tribunal was conscious of the fact many individuals must have been during the inquiry that they were not negligent.

If this is so, then they are perfectly right. It has not been a pleasant exercise and it is not continuing as a pleasant exercise, one that is forced upon us our terms of reference. Let us be thought that we are reaching the problem search primarily for points of criticism."

Justice James added: "As we see it, it seems clear in respect any individual that we can accept that they are making useful contribution, or criticising, condemn to the extent of finding negligence. All these views of individuals are open to us." The Tribunal would welcome missions as to the meaning of jargon in this context.

As to the individuals as we our consideration has to our Ministers, the permanent secretary of the DTI for the time being, the under-secretary and the nature of those powers as con-



Justice Sir Arthur James

staff serving under him in the Insurance and Companies division.

For each group the Tribunal had to consider whether an individual had a duty to make a decision; whether he had a duty to instruct subordinates and whether he had a duty to inform his superiors on matters of fact.

"Where we find a duty to decide, instruct, or advise we must go to inquire whether that duty was performed; and if it was not performed or ill-performed, whether that non-performance or ill-performance constituted negligence."

They had to assess the performance at any one level in the light of instructions received from above and in the light of information received from below.

"We must assess the responsibility of the individual, the standards the public is entitled to expect from persons holding office. A higher standard as we see it would be expected of an under-secretary than of an executive officer."

**Standard**

They had to consider the nature of the duties and powers imposed by relevant statutes and the nature of those powers as con-

cerned by the Department in practice. They had to assess whether there was any difference between those two areas. If there was whether there was any justification for that difference.

In conclusion Mr Justice James said there were not matters on which the tribunal had made any firm conclusion.

Mr John Arnold, QC, for the Tribunal, was invited to submit points on which the Tribunal could base their considerations. He will make his final speech later. He said that every action which was blame-worthy was not necessarily negligent.

The Tribunal might think it right to adopt this as a standard "that to be negligent, an action must fall short of the level which should be adopted by a conscientious and competent administrator who had those skills necessary for the discharge of the relevant function."

The final judgment was whether that standard had been attained in this case. Were there any shortcomings in the application of that standard?

He did not think there had been established in evidence anything which should lead the Tribunal to consider there was negligence on the part of any individual senior to Mr C. W. Jardine (the Under-Secretary in charge of the Insurance and Companies Division).

Mr Arnold said there were a number of possible causes of negligence within the Department. There was a failure to procure sufficient "run-off" statements; there was no insistence on quarterly returns; there was never any insistence on proof that the estimated anticipated recoveries was justified by the recoveries actually made; nor was there any examination into the method of computing recoveries.

In the absence of actual experience in the Department to justify estimates and provision, one would have thought the Department might have used sources of information outside the informed opinion of the insurance industry and the opinion of experts and professional advisers.

Miss M. F. Rubek, former head medical social worker at the London Chest Hospital and now do-

ing social and research work at the St. Thomas' group of hospitals, London, writes that no one knows the number of chronic bronchitis sufferers. The disease caused 24,613 deaths in England and Wales in 1967-18,888 of these men.

Sickness benefit claims for bronchitis, excluding illnesses lasting 35m.

Miss Rubek studied 50 patients and their families in detail to produce her report.

The Social and Emotional Effects of Chronic Bronchitis, Chest and Heart Foundation, 50p.

**Brussels Commission prepares for enlargement in Jan. 1973**

Y REGINALD DALE, COMMON MARKET CORRESPONDENT

SIX to-day decided that the next President of the Commission will be French. Germany, the Benelux and Italy simultaneously, at the end of the year, to clear the way for formation of a new executive when Britain's first day of British membership will almost certainly coincide with the first day in office of a French incumbent in Brussels.

Nobody yet knows who the new representatives of the various countries will be—British, French, German, Belgian and Italian. diplomatic sources have said the U.K. will not start thinking seriously about its nominees until next January or February, after the accession treaty has been signed.

But it is thought in community circles that the French will want to see what kind of person Britain intends to send to Brussels, in particular whether the British Commissioners are to be politicians or technocrats before deciding on their presidential nominees.

It is generally agreed that

**HOME CONTRACTS****1.4m. building work**

J. Swans Sons and Cooke which will cost over £150,000, is won 10 contracts together scheduled for installation towards almost £1m. These include the end of next year.

Tilbury Contracting Group, construction division, has been awarded contracts worth over £1.25m. These include an extension to Burcot sewage disposal works for the City of Wells (£204,764), the Western Parishes sewage scheme for Yeovil RDC (£218,219), roads and sewers for Westminster Bunting (£150,183), and the sewerage of Stoney Stratton including construction of pumping station and rising main (£29,601) for Shepton Mallet.

F. J. Baynes (Aylesbury) is to install heating, hot and cold water, gas ventilation and air conditioning in the new north laboratory building at the Rothamsted Experimental Station, the President of the Council, Sig. Aldo Moro, of Italy, this evening.

IBM System/370 model 145 computer system has been supplied by the Phoenix Assurance Company to replace its two existing computers. The new system, Herts, at a cost of £100,000.

**Soviet approach to the F.O.**

MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

IVAN IPPOLITO, Chargé d'Affaires in the Soviet Embassy, called at the Foreign Ministry, which has recently been reiterated by Soviet representatives at various other Security Conference. He said that the Western view remains that the Berlin question will not be finally settled until the current inner-German talks have been satisfactorily concluded.

**Kleen-e-ze enters detergent market**

BY DAVID WALKER

**KLEEN-E-ZE HOLDINGS**, the Bristol-based direct selling company, is entering the highly competitive washing-up liquid market in a further stage of its diversification programme.

The move, announced yesterday, forms part of plans to boost the company's annual turnover to £5m. by 1973, compared with the £2.86m. achieved in the 12 months to March 31 this year.

Its latest product goes on sale at the beginning of next month. Like all items from Kleen-e-ze, it will be available only through the company's 4,000 full- and part-time agents.

A coconut-oil-based high-concentrate product, it is to be supplied in two- and five-gallon returnable containers with special dispensers. For commercial use 45-gallon packs will also be available.

The reduction in packaging costs effected by the use of returnable containers is a fixed rent.

The lease expires in December this year, and although negotiations have been held with the Government's district valuer, Textile (a subsidiary of Traf-

ford Carpets, Macclesfield), took over the lease of the former Textile's factory in Doncaster Road, Barnsley, 21 years ago at a fixed rent.

The news comes only a few days after the group announced plans to introduce toys as part of its range this autumn. In the past year some 15 products,

including a domestic fire-extinguisher, have been added to its range of home-care items.

**Factory rent rise of 500% a disgrace: MP**

By Our Own Correspondent

BARNESLEY, Oct. 18.

MR ROY MASON, MP for Barnesley, called to-day for a full report to the Ministry of Defence following the announced closure

of a factory on which the Government has increased the rent by 500 per cent.

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ford Carpets, Macclesfield), took over the lease of the former Textile's factory in Doncaster Road, Barnsley, 21 years ago at a fixed rent.

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including a domestic fire-extinguisher, have been added to its range of home-care items.

**Bronchitis study hits at local authorities**

MANY MEN, crippled by chronic bronchitis, are slipping through the net of the welfare services at the St. Thomas' group of hospitals, London, writes that no one

knows the number of chronic bronchitis sufferers. The disease caused 24,613 deaths in England and Wales in 1967-18,888 of these men.

Sickness benefit claims for bronchitis, excluding illnesses lasting 35m.

Miss Rubek studied 50 patients and their families in detail to produce her report.

The Social and Emotional Effects of Chronic Bronchitis, Chest and Heart Foundation, 50p.

**APPOINTMENTS****Mr. Rao takes over as Staflex chief executive**

Mr. H. P. Forder

ment from the Board for health reasons of the managing director Mr. Ted Pilkington.

Mr. W. R. Perrin and Mr. K. H. Spratt have been appointed to the Board of ERITH AND CO.

Mr. E. A. Howard has been appointed managing director of Wills and Packham, an Erith subsidiary. Mr. Perrin has also joined the Board of that company.

Mr. E. M. Bowen has been appointed underwriter and manager of GENERAL AIRCRAFT INSURANCE COMPANY (Triumph Insurance Company) from November 1.

Mr. F. B. Brewster has been appointed director and chief accountant of ROBINSON WILEY (United Gas Industries). Mr. A. N. Wilkinson becomes production director.

The Homdale offer for CONSTELLATION INVESTMENTS, having become unconditional, the Board of Constellation has been reconstituted as follows: Mr. John Daly, chairman; Mr. Derek J. Dawson, Mr. C. P. Choularton and Mr. D. R. Hindle.

Mr. Roger Doughty, managing director of the London Wall Group of unit trusts, and Mr. E. D. Kohn, have been appointed directors of NORTHBOUROUGH INVESTMENT TRUST.

Mr. R. D. McDougal has resigned from the Board.

**S. S. STEVENSON APPOINTS AGENTS**

Shipboard management specialists S. S. Stevenson and Partners of Haslemere, Surrey, have appointed James A. MacLaren and Stevenson as London agents. Stevenson data necessary for operating and maintaining a vessel as well as providing a management system.

**DUKE TO PRESENT 800 GOLD AWARDS**

The Duke of Edinburgh will present the Gold Awards Scheme to 800 young men and women at Buckingham Palace on Tuesday, November 2.

**Your new building: Profit or loss?**

The only good reason for deciding to build a new factory or to extend existing commercial or industrial facilities is to make more profit for your company.

If you are planning a new project, you have probably already decided against the antiquated system of third party tendering, with its headaches and uncertainties. And having made this decision, you will be seeking a thoroughly competent method of dealing with the multitude of vitally important matters that must be resolved if your new project is to be truly viable and profitable—that's where we come in!

IDC offer you a totally integrated design and construction service completely co-ordinated from conception to commissioning. IDC take complete control, accept full responsibility for everything and ensure completion on time at a pre-determined cost.

In addition, we will investigate your production flow systems, your handling and storage methods and the hundred and one other related aspects of your business activities, and come up with the right answers to ensure maximum efficiency and profitability of your completed project.

**Feasibility studies**

Before we actually design your new project our experts are available to advise on site location, availability of labour and essential services, transportation, housing and social amenities etc; we will also look into the legal aspects and sort out planning approvals, statutory requirements and all other formalities.

Meanwhile, the Ministers agreed on a declaration recognizing the special problems created by Community entry for Norwegian agriculture and finalized a protocol on Irish regional development and aids to industry that is to be added to the Irish Treaty of Accession.

These decisions will be communicated to the two countries concerned at Ministerial sessions of their entry negotiations here tomorrow.

The declaration on Norway says that the Norwegian family incomes must not be reduced after the country joins the Community, and says that detailed proposals for a special arrangement are to follow. But it insists that this special treatment for Norway must on no account create a precedent for other member countries.

On Ireland's industrial development problems, the Six agreed that present investment incentives will ultimately have to form part of a general Community regional policy. But considerable scope will be left to the Irish to continue to operate schemes to attract foreign investment.

The Ministers made little progress in their discussion of the enlarged Community's future relationship with the non-candidate members of EFTA. And will try again to agree on a negotiating mandate at their next Council meeting on November 8. Falling this, the Ministers could return to the subject at a further meeting on November 29 and 30, which was proposed by the President of the Council, Sig. Aldo Moro, of Italy, this evening.

Ivan Ippolito, Chargé d'Affaires in the Soviet Embassy, called at the Foreign Ministry, which has recently been reiterated by Soviet representatives at various other Security Conference. He said that the Western view remains that the Berlin question will not be finally settled until the current inner-German talks have been satisfactorily concluded.

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All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE



\$15,000,000

## Colonial Stores Incorporated

8% Sinking Fund Debentures due 1996

Interest Payable April 1 and October 1

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated

duPont Gore Forgan  
Incorporated

Hornblower & Weeks-Hemphill, Noyes

White, Weld & Co.

CBWL-Hayden, Stone Inc.

Robert Garrett & Sons, Inc.

L. F. Rothschild & Co.

J. C. Bradford & Co.

Interstate Securities Corporation

First Securities Corporation  
of North Carolina

Johnson, Lane, Space, Smith & Co., Inc.

Eastman Dillon, Union Securities & Co.  
Incorporated

Lehman Brothers  
Incorporated

Bache & Co.  
Incorporated

Dominick & Dominick,  
Incorporated

E. F. Hutton & Company Inc.

Spencer Trask & Co.  
Incorporated

R. S. Dickson, Powell, Kistler & Crawford

The Robinson-Humphrey Company, Inc.

Investment Corporation of Virginia

C. T. Williams & Co., Inc.

Goldman, Sachs & Co.

Salomon Brothers  
Incorporated

Shearson, Hammill & Co.  
Incorporated

Equitable Securities, Morton & Co.  
Incorporated

Reynolds Securities Inc.

Walston & Co., Inc.

Craigie  
Incorporated

Over AN EYE on the trend towards the sale of beers under brand names, Young and Company's Brewery, the Wandsworth concern with 135 outlets in London and the Home Counties, has revamped two beers, and launched them yesterday as "Ram Rod" and "Old Nick."

## Two new beers from Young's

By Kenneth Gooding

WITH AN EYE on the trend towards the sale of beers under brand names, Young and Company's Brewery, the Wandsworth concern with 135 outlets in London and the Home Counties, has revamped two beers, and launched them yesterday as "Ram Rod" and "Old Nick."

The first replaces Young's special light ale, but is a stronger beer, being two degrees more in gravity, and will be the company's answer to products like Double Diamond and John Courage outside its "tied" trade.

Old Nick is a potent barley wine which takes the place of Young's Celebration Ale.

Said chairman Mr. John Young yesterday: "Following the success of our Saxon lager, we felt that we should have more brand names to compete in the free trade. With Ram Rod and Old Nick, and our new Ram keg beer, we feel we are giving our free trade company, Foster-Probyn, very challenging products."

### Transfer

Foster-Probyn's free trade and bottling activities will be transferred to the Wandsworth brewery in May or June next year at a capital cost of about £250,000. This should be covered by the sale of the Foster-Probyn site at Islington.

The move was made possible by Young's build-up of capacity at Wandsworth, adding brewing and bottling facilities, cold stores, warehousing and transport arrangements at a cost of more than £500,000 over the past two years.

The group has drawn up a 15-year forward plan which Mr. Young revealed still includes a place for its horse-drawn transport. The old stables will go to make way for additional plant and warehousing, but a new "stable in the round" will be built.

### BY OUR OWN CORRESPONDENT

THE CHALLENGING job of attracting new and substantial investment to the West of Scotland while unemployment is as high as 10 per cent. is to be tackled as a business venture by an experienced executive director, Mr. William G. Beaton, 49, former head of the management division of Unilever's international group. He starts a three-year contract on November 1 at a commencing salary of £9,000.

Although the Scotland-West Promotion Group is backed to the extent of £80,000 by the local authorities in the area and Glasgow Chamber of Commerce, Mr. Beaton made it clear here today that the campaign would not be run as a local authority activity but by a hand-picked group of people knowledgeable in industry and commerce who could persuade a company to put down cash and plan successful enterprises.

### Image

"I do not underestimate the difficulties of creating a new image of Scotland's West," he said. "But one of my great advantages, which I will exploit, is as a businessman knowing the language and problems of the boardroom to keep shareholders happy."

Scotland's West had many advantages including availability of a sizeable labour force, suitable sites, good amenities and communications, he said. "My first task will be to study the financial incentives available; see if they are of the right kind and if they can be rearranged."

Mr. Beaton stressed that no company or individual made an investment purely for sentimental reasons. There had to be an acceptable economic case with the prospects of a reasonable return on the investment and of making a further investment there.

Over the past two years there had been a lack of confidence in industry and commerce resulting in a marked cut back in investment and the shedding of a lot of labour "fat" caused by greater competition, escalation various factors in each case in costs and growth in wage rates.

The Government was in favour of real growth, and he believed that 1972 would see a chance in the overall economic situation.

Scotland-West Promotion was being started at the right time, particularly in view of Britain's possible entry into the Common Market.

### Marketing

"If this happens, there will be a marked increase in investment from the U.K. to Europe and vice versa," Mr. Beaton added. There would also be companies outside the EEC in various parts of the world wanting to get a foothold in the U.K.

Mr. Beaton has been given fairly free hand by the executive committee of nine under the chairmanship of Lord Prof. Sir Donald Liddle, who said they were living in a much maligned area. But groups like Honeywell and the Post Office Savings Bank HQ were happy with their jobs.

Donald added: "The quality of life in Scotland is excellent."

## Let damages match cost of living: law proposal

BY JOHN HUNT

A NEW system which would ensure that damages awarded by the courts keep pace with increases in the cost of living is proposed in the latest working paper from the Law Commission.

It suggests that Parliament should draw up a tariff stipulating the average amount of damages for a particular injury. This would replace the present method by which an award is left to the discretion of the judge.

### Personal injury

In cases of personal injury, the Commission feels that the scale of awards has not kept pace with inflation.

"There is undoubtedly a considerable body of opinion which feels that the judges have drawn the scale too low and are too reluctant to increase it to take account of the fall in the real value of money," the working paper says.

An average figure for a particular injury would constitute a reasonable award for the ordinary plaintiff without any special features in the case.

"The judge would weigh the various factors in each case in order to determine whether the award should be above or below the average and by what amount it declares."

The Commission says that the new system is the best alternative to unguided judicial discretion. It has come to no final conclusion on it, and invites comment on it.

"It is clear that it would be impossible to make a comprehensive tariff of awards for all different injuries," it states. "However, it should be possible to draw a list which would avoid excessive rigidity and yet furnish a workable guide to the courts."

The Commission comes against setting up fact-finding tribunals whose findings on damages would be binding on courts. It also against the creation of special damages tribunals consisting of a lawyer and a medical man.

### Children

The working paper states that awards should represent a fair assessment of what a child has lost financially by the death of a father.

"This will undoubtedly lead to a substantial increase in the amounts awarded to children as we consider that it is right that they should be set it," says the working paper.

The working paper No. 41, published to-day, is entitled Personal Injury Litigation Assessment of Damages.

### PRISONERS GET EARNINGS RISE

Earnings of all prisoners in training centres are being increased to a standard 3p a week for inmates from yesterday.

Previous rates varied from a week in detention centres to a maximum of 76p a week.

The increase is to cover the rise in the cost of items like tobacco and toilet articles.

Reporting restrictions are in force.

Reporting restrictions are in force.

## Fraud charges against former jockey

DAVID CROSSLEY-COKE (32), former amateur steeplechase jockey, appeared at Guildhall Court, London, yesterday on charges alleging fraudulent application of sums totalling £26,000.

All the offences were alleged to have occurred in a two-year period between February, 1965, and March 1967.

Committee proceedings are expected to take about eight days. Reporting restrictions are in force.

The other accused are: Jonathan Reuvvid (35), company director, John Gaze (42), investment trusts director, and Peter Deal (32), banker.

All four are charged with conspiring, being either directors or managers of Reuvvid, Crossley-Cooke and Co. to contravene the Larsen Act by making false accounts with intent to deceive creditors.

Crossley-Cooke and Reuvvid are charged that, being directors of Winsign Securities, they fraudulently applied two sums of £10,000 each to a use or purpose other than that of the concern. There is a further similar charge against them involving £3,700.

Crossley-Cooke and Reuvvid are also accused of attempting to obtain credit of £400,000 from the Ionian Bank by false pretences, and a similar offence involving £150,000.

Crossley-Cooke alone is charged that he caused a £50,000 bank draft to be delivered to Oppenheimer, Nathan and Vandky by false pretences with intent to defraud.

Crossley-Cooke faces four further charges.

Annual Statements—Continued

### WARREN TEA HOLDINGS

The Annual General Meeting of Warren Tea Holdings Limited will be held on November 10 in London.

The following is an extract from the statement of the Chairman, Mr. W. E. Mitchell-Lines:

The much improved level of profitability achieved in 1969 has been maintained, in fact in 1970 the group marginally improved upon those results. Profit before tax increased from £469,133 to £490,426, but profit after tax declined marginally from £366,433 to £358,658. This results from the fact that several Subsidiaries in India have exhausted the benefit of tax losses brought forward, which they enjoyed in 1969, though others still have tax losses available to set off in future years. Our African Subsidiaries made record profits, that of Kiboko Coffee Company Limited being £88,322 (£40,962) before tax and Tinderet Tea Estates Limited £46,465 (£29,244).

Hatimara Tea Estates Limited, our Indian estate under development in Assam, doubled its contribution to group profits from £7,079 to £14,605. This has now reached the stage when its contribution to profits should become more material and 1971 should see the start of a worthwhile return on our investment.

**CROP RETURNS**

Our Assam companies' crops fell in 1970 by 104,850 kgs. after adjusting for the sale of Mohunbari but, including Hatimara Tea Estate, whose crop was 160,915 kgs. in the previous year.

In Kenya the Tinderet crop of 447,145 kgs. was a record, being an increase of 61,267 kgs. over 1969. Kiboko harvested a crop of 607 tons of coffee, also a record against 482 tons in 1969.

It is too early to make any firm forecast for 1971. However, both crop and sales to date are well ahead of last year.

### GENERAL MINING & FINANCE CORPORATION, LTD.

(Incorporated to the Republic of South Africa)

#### COAL DIVISION

REPORT FOR THE QUARTER ENDED

30 SEPTEMBER, 1971

TRANS-NATAL COAL CORPORATION LIMITED	Quarter ended 30.9.71	30.9.70
A. GROUP SALES TONNAGES-'000 metric tons		
Coal .....	3,733	3,294
Coke .....	54	52
B. GROUP PROFITS—R'000 (Subject to Audit)		
Net profit from mining and allied activities .....	1,863	1,553
Less: Interest .....	308	104
Less: Minority interest in profits .....	1,554	1,455
Profit attributable to Group .....	1,442	1,351
Less: Taxation .....	537	128
NET GROUP PROFIT .....	905	1,123

DEFERRED PROFITS—R'000  
Net recovery from suspense account .....

C. CAPITAL EXPENDITURE—R'000 .....

AFRIKANDER PROPRIETARY MINES  
LIMITED (DELMAS COLLIERY)

Sales—'000 metric tons 20.9.71 30.9.70

Working profit (Subject to Audit)—R'000 424 424

Capital Expenditure—R'000 85 12

Loan Account—R'000 2,649 3,066

Progressive Production Profit—R'000 316

NOTE:

Hawkerlip Railway guarantee amounted to R22,649 and is not included in the above figures.

REMARKS:

Shareholders are reminded that quarterly results are not necessarily indicative of the results which may be expected over a full year.

By Order,

GENERAL MINING AND FINANCE CORPORATION  
LIMITED,

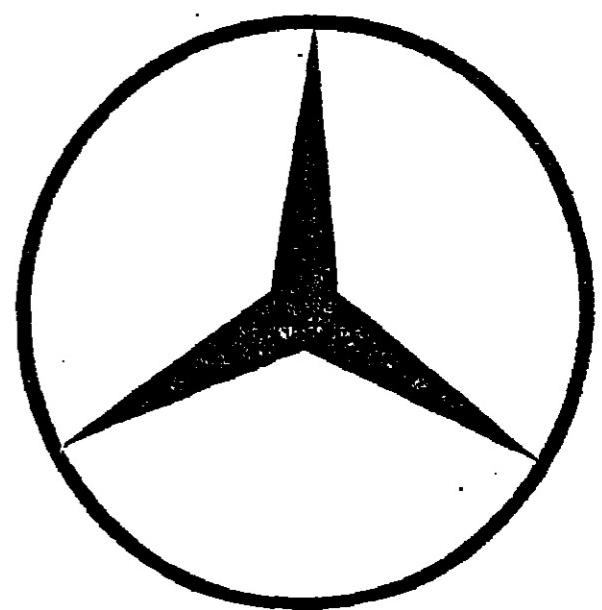
London Office: Friars House, 39/41 New Broad Street, EC2M 1JN.

&lt;p

to so  
loyal

# MERCEDES-BENZ REPORTS CONTINUING EXPANSION

## But turnover gains offset by rising costs



"Only the strong expansion of business volume in the past three years has prevented an appreciable fall in profits" said Dr. Joachim Zahn, Chairman of the Board of Directors of Daimler-Benz A.G., at the Annual General Meeting in Stuttgart recently.

With production and sales of more than 470,000 vehicles and a turnover of DM 11,700 million representing an increase of 22 per cent over the previous year, the Daimler-Benz Group has again achieved a noteworthy rise in the volume of business. Cost increases incurred through higher material prices and labour charges alone during 1970 amounted to over DM 600 million.

The following is an extract from Dr. Zahn's address:

At the present Annual General Meeting we report to our shareholders on a generally successful business year. In detail, we can record a production increase for passenger cars of 9.2 per cent to 280,000 and for commercial vehicles an increase of 15 per cent to 196,100.

For an overall assessment, however, the figures over a longer period provide a better picture than those of a single year.

In the five years since 1965 the growth amounts to about 1 per cent for cars and to about 15 per cent for commercial vehicles taking Daimler-Benz alone and disregarding the associated companies. Compared with the increase of some 1 per cent for each category the German passenger car and commercial vehicle industry, we have therefore achieved more than twice that growth rate in both sectors. In the passenger car sector

with a current annual production of 59,000 lorries. Thus the number of commercial vehicles produced since 1965 has almost doubled within Daimler-Benz A.G. and almost trebled within the Group.

This is a branch of industry whose manufacturing and sales environment was hitherto geared mainly to national or at best, to European requirements. This massive expansion was necessary to adapt our factories to series production on a scale designed to match future international competition worldwide. The current supplementary capital spending is aimed at providing the manufacturing programme with further technical and economic support.

In recent years, market requirements have exceeded a normal rate of growth. Industry can hardly ever escape demands of this kind without endangering important positions. It is surprising how often these inter-relations, capable of putting an industrial enterprise under severe pressure, are incompletely recognised and correspondingly incorrectly presented and evaluated. It is not within a firm's free choice to relinquish wholly or tem-

thus of the employment of our factories and our personnel to be fully utilised to absorb to some extent the upturn in costs.

An important factor, when considering future prospects, is that the major part of the cost increases incurred in 1970 does not become fully effective until 1971, and that the emphasis on domestic business in 1970 through higher material prices together with its profit improvement and labour charges alone was only a temporary phase. In the long term, however, not only any possible

million. The price adjustments we had to make in consequence, expansion, but even the progress inherent in the preservation of the current production volume must pre-

dominantly be founded on export business.

An examination of the financial results of these years also reveals that—given the extra-

### Economic Problems and Requirements

Economic problems are assuming growing weight. We are seriously concerned that the already mentioned rise in cost levels is continuing in 1971 at about the same rate. It is to be hoped that the dangers to our export field, the scope to pass on cost increases is, in any case,

very small owing to the well-known currency measures.

Thus, the DM revaluation of October 1969 alone, and allow-

7.7 per cent, to over 148,000 units while Daimler-Benz and Hanomag-Henschel raised their output of commercial vehicles from factories at home by 4.8 per cent, to more than 88,000.

The continued upturn is due to the considerable order book with which we entered 1971. The current level of orders will account for car production as planned until about the Spring of 1972 and in the commercial vehicle sector, for about the next three to four months. For the whole business year 1971 we anticipate a turnover expansion of about 12 to 15 per cent.

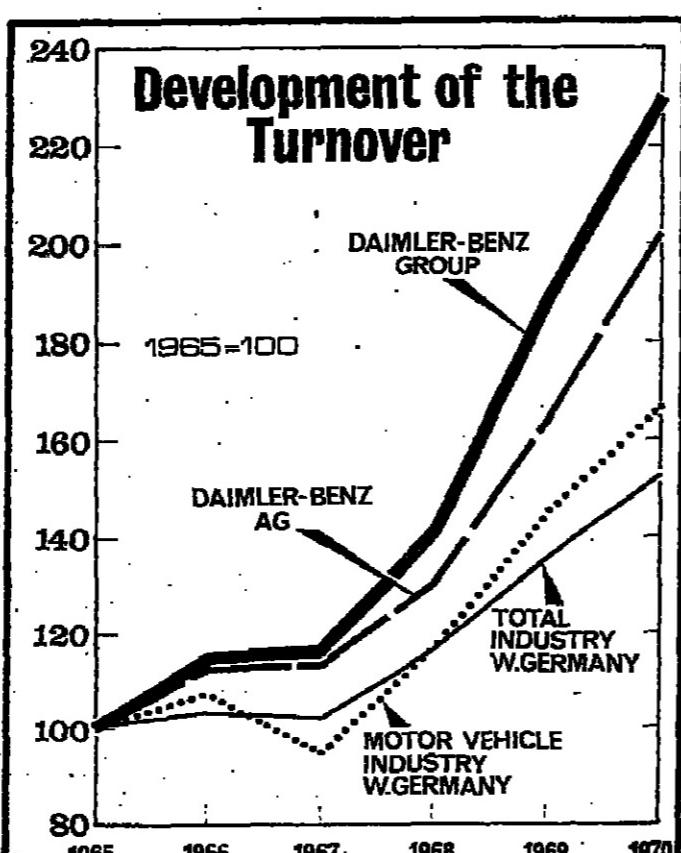
Every percentage point of revaluation influences the export price structure, and at Daimler-Benz A.G.'s current export volume of about DM 4,000 million annually, this can in-

Nor do we expect an abrupt collapse in demand in the subsequent period, but the overall volume of the order flow in the motor car industry tends un-



### HIGHLIGHTS FROM THE BALANCE SHEET DM.m.

	1969	1970
9,590 Total Turnover	11,675	
7,334 Turnover Parent Company	9,025	
577 Investment in Fixed Assets	932	
334 Depreciation on Fixed Assets	443	
1,385 Share Capital and Reserves	1,522	
Raw Materials and Services Rendered	3,682	4,594
Wages and Salaries	1,847	2,243
Taxes on Income, Earnings and Capital	405	402
Surplus	248	246
Dividends	129	141



### Good Results in Relation to Economy

In describing as good the 1970 financial results—with a surplus of DM 246m. which has been solved, and on the contrary, the D-mark is in danger of being classified internationally as "a revaluation currency" which also applies to the with the result that soon after dividend proposal, to a comparison with the economy as a whole.

Therefore, no problem has been solved, and on the contrary, the D-mark is in danger of being classified internationally as "a revaluation currency" which also applies to the with the result that soon after dividend proposal, to a comparison with the economy as a whole.

In presenting a preliminary report on the first six months of this year, we can say that in volume terms of production and sales, 1971 has linked up its development of the previous year. The turnover of Daimler-Benz A.G. rose in the first half of 1971 to DM 4,900 million from approximately DM 4,300 million in the same period of 1970. Production of passenger cars increased by

the expectation that we will be able to report generally satisfactory results for 1971.

### Prospects for 1971

Aided by our competitive marketing programmes, our well-balanced sales organisation and the proven Company concept, we approach the tasks before us with confidence. Especially with confidence in the loyal support of all our personnel, although at the same time fully aware of the existing uncertainties affecting the economy as a whole. Our achievements so far, and the established capabilities of our staff, entitle us in my view to the expectation that we will be able to report generally satisfactory results for 1971.

Daimler-Benz Aktiengesellschaft Stuttgart

## One of the big Swiss banks reports...

The balance sheet total of the Crédit Suisse increased during the first six months of 1971 to S.Fr. 28,500 million, loans by S.Fr. 600 million to S.Fr. 9,900 million and deposits by S.Fr. 336 million to S.Fr. 26,600 million.

In view of the growing international monetary uncertainties our Bank exercised increased restraint in the Euro-business. Business turnover, however, continued to grow; the volume of loans expanded; new issue business attained record heights, and security transactions improved considerably. The service to our clients was expanded by establishing a Representative Office in Singapore and the setting up of further domestic branches. Our factoring business has been rationalised and transferred to a new subsidiary, CS Factoring Ltd, Zurich.

Crédit Suisse now maintains 83 branches in Switzerland, a branch in New York as well as 13 Representative Offices and subsidiary companies abroad.

The Bank's own funds, including carry forward on Profit and Loss Account, amount to S.Fr. 1,244 million.

The recent developments demonstrate that the traditional business policy of the Crédit Suisse (founded in 1856), which, whilst preserving banking prudence and tradition, maintains a dynamic and open-minded outlook on future developments. Thanks to this attitude, numerous political and economical storms have been successfully weathered.

The Bank will continue to render to its clients all over the world the comprehensive service in keeping with its high reputation as a leading international bank.

### Board of Directors

P. W. Schultheiss, Chairman  
H. Schwarzenbach, Vice-Chairman,  
ROBERT SCHWARZENBACH & CO.  
P. Schmidheiny, Chairman, ESCHER WYSS LTD.  
M. Schmidheiny, Industrialist  
R. Bühl, Chairman and Managing Director,  
BOHLER BROTHERS LTD.  
E. L. Keller, Chairman and Managing Director,  
EDWARD KELLER LTD.  
H. Spörri, Industrialist  
H. Wölfer, Vice-Chairman and Managing Director,  
SÜDLER BROTHERS LTD.  
W. Schwelzenbach, Chairman, ZURICH INSURANCE COMPANY  
H. Giger, Chairman, HANS GIGER LTD.  
R. Dierren, Chairman, "LA SUISSE" INSURANCE COMPANIES  
M. H. Schneebeli, Member of the Board,  
GEORGE FISCHER LTD.  
P. Schorff, Industrialist  
R. Ader, Chairman and General Manager,  
AU GRAND PASSAGE S.A.  
R. R. Springli, Chairman, CHOCOLATE WORKS LINDT & SPRUNGLI LTD.

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\$15,000,000

## Cummins International Finance N.V.

6 1/4% Subordinated Guaranteed Convertible Debentures Due 1986

Convertible on and after June 30, 1973 into Common Stock of, and Unconditionally Guaranteed on a Subordinated Basis as to Principal, Premium, if any, and Interest by

## Cummins Engine Company, Inc.

The First Boston Corporation

Union Bank of Switzerland (Underwriters)

J. Henry Schroder Wag & Co.

S.G. Warburg & Co.

White, Weld & Co.

Alahli Bank of Kuwait (K.S.C.)

American UBS Corporation

Arnhold & S. Bleichroeder

Bank Mees & Illo N.V.

Banque Française du Commerce Extérieur

Banque de l'Indochine

Banque de Neufzile, Schlumberger, Mallet

Banque de Suez et de l'Union des Mines

Banque Worms et Cie

Berliner Handels-Gesellschaft

Christiania Bank of Kredittakse

Credit Comercial de France

Creditanstalt-Bankverein

Den Danske Landmandsbank

Dresdner Bank

First Washington Securities Corporation

Goldman Sachs International Corporation

Hanckelbank in Zurich (Overseas)

Kidder, Peabody & Co.

Kreditbank S.A. Luxembourg

Lavoro Bank Finance Company N.V.

London Multinational Bank (Underwriters)

R. Metzler & Sohn & Co.

Morgan Grenfell & Co.

Den norske Creditbank

Pierson, Heldring & Pierson

Schroders & Chartered

Société Générale de Banque S.A.

Swiss Bank Corporation (Overseas)

M.M. Warburg-Brinckmann, Wirtz & Co.

Western American Bank (Europe)

Algemene Bank Nederland N.V.

A.E. Ames & Co.

Astaire & Co.

Bank Mees & Illo N.V.

Banque Française du Commerce Extérieur

Banque de l'Indochine

Banque de Neufzile, Schlumberger, Mallet

Banque de Suez et de l'Union des Mines

Banque Worms et Cie

Berliner Handels-Gesellschaft

Christiania Bank of Kredittakse

Credit Comercial de France

Creditanstalt-Bankverein

Den Danske Landmandsbank

Dresdner Bank

First Washington Securities Corporation

Goldman Sachs International Corporation

Hanckelbank in Zurich (Overseas)

Kidder, Peabody & Co.

Kreditbank S.A. Luxembourg

Lavoro Bank Finance Company N.V.

London Multinational Bank (Underwriters)

R. Metzler & Sohn & Co.

Morgan Grenfell & Co.

Den norske Creditbank

Pierson, Heldring & Pierson

Schroders & Chartered

Société Générale de Banque S.A.

Swiss Bank Corporation (Overseas)

M.M. Warburg-Brinckmann, Wirtz & Co.

Western American Bank (Europe)

## Massive unpaid dues debt warning to AUEW

BY OUR LABOUR REPORTER

A MASSIVE £1.5m. debt in unpaid union dues is costing the engineers' union more than £100,000 a year. With more than 12,000 members, the average debt for each one is £134p.

Mr Jim Conway, general secretary of the engineering section of the Amalgamated Union of Engineering Workers, warned members yesterday that the union could not afford such waste.

His warning was delivered at the AUEW final appeals court, being held at Bangor, N. Ireland, yesterday, as the union prepares to lead the negotiations on the engineering union's £700m. pay claim presented to the Engineering Employers' Federation this summer.

Mr. Conway said that the £1.5m. arrears inflicted a loss of £2,000 a week in interest on the union. He added that last year dispute benefit cost £500,000. In the first six months of this year it had soared to £750,000 and was expected to be £1.25m. for the full 12 months.

The union expected the cost of its superannuation scheme to go up from £1m. to £1.5m. this year and the cost of all the other benefits to go up by between 10 per cent. and 100 per cent.

Mr. Conway said that applications for membership so far this year are down by almost 50 per cent., compared with the corresponding period last year.

The union expects to make its own arrangements to buy foreign coal and natural gas where necessary.

Referring to the "very limited quantity" of North Sea gas which had been taken up by the electricity supply industry (the Midlands), the EPEA points out that it would have been better to community reasons, the cost should be borne out of national funds as recommended by the select committee on nationalised industries.

"More coal has been burnt in recent years because of Government pressure than would have been justified if the system had been operated solely on economic fuels," the EPEA stresses.

The association urges that the electricity supply industry should be allowed to make its own arrangements to buy foreign coal and natural gas where necessary.

If in the opinion of Government and Parliament a subsidy is needed for a fuel for social or community reasons, the cost should be borne out of national funds as recommended by the select committee on nationalised industries.

"More coal has been burnt in recent years because of Government pressure than would have been justified if the system had been operated solely on economic fuels," the EPEA stresses.

The association urges that the electricity supply industry should



Jim Conway

## Engineers seek freedom of power fuel choice

BY ELISABETH GANGUIN

THE ELECTRICITY supply industry must be free to choose its own source of fuel according to its judgment of efficiency and cost without subsidising the coal industry, the Electrical Power Engineers Association said yesterday.

If in the opinion of Government and Parliament a subsidy is needed for a fuel for social or community reasons, the cost should be borne out of national funds as recommended by the select committee on nationalised industries.

"More coal has been burnt in recent years because of Government pressure than would have been justified if the system had been operated solely on economic fuels," the EPEA stresses.

The association urges that the electricity supply industry should

entrance fees and interests from investments. Applications for membership are failing as are investment interest rates.

The union has about £14m. in assets. It has calculated that it would lose about £200,000 a year of the current interest from this if it goes ahead with its policy decision not to be registered under the Industrial Relations Act.

### Tax question

At the moment, the union gets tax benefits for its provident funds but these benefits are denied to unions which are not on the new register. The union is holding a special rules revision conference next month so that it can come off the register.

Mr. Conway told the delegates that since June, when the union reached a record 1.25m. membership, it was now at the lowest level since September, 1970.

He added: "It is very disturbing to note that applications for membership so far this year are down by almost 50 per cent., compared with the corresponding period last year."

## Talks promised on women's careers in Civil Service

BY CLAYTON DEDWANDRE

Clayton Dedwandre of Lincoln which is working short-time because of the fall-off in orders

has agreed to a union demand to defer 150 redundancies until the weekend. Another crew, discussions have taken place.

### Demand met

Clayton Dedwandre of Lincoln which is working short-time because of the fall-off in orders has agreed to a union demand to defer 150 redundancies until the weekend. Another crew, discussions have taken place.

### BOAC rest period dispute

Clayton Dedwandre of Lincoln which is working short-time because of the fall-off in orders has agreed to a union demand to defer 150 redundancies until the weekend. Another crew, discussions have taken place.

### Progress review

Finally, the committee suggested that "there should be within two years of this report a review of progress on the operation of those of our recommendations which are accepted. The Civil Service Department concerned has been asked to take account of the time taken for implementation."

In January of last year, the proportion of women (permanent) in the administrative staff group was 8.8 per cent. (Executive 20.9 per cent.; clerical 49.7 per cent.) The respective proportions of temporaries were 20.8 per cent.; 55.7 per cent. and 64.7 per cent.

Within the administration group family responsibilities should be made flexible. Women at the beginning of this year

children and 20 years service outside London, and fees fixed in relation to salary. In some cases, unpaid leave during school holidays should be granted. Consideration should also be given where a woman has elderly or infirm relatives.

Working hours for women with family responsibilities should be

flexible. Women at the beginning of this year

there were 15 female undergraduates

and 30 (3 per cent.) assistants

for reinstatement and promotion. Over 50,000 (76 per cent.)

working hours for women with children and 20 years service outside London, and fees fixed in relation to salary. In some cases, unpaid leave during school holidays should be granted. Consideration should also be given where a woman has elderly or infirm relatives.

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# INTERIM STATEMENTS

## FEDEX LIMITED

I have pleasure in announcing the six months trading figures to the 30th June, 1971. The Profits before Taxation have increased by £22,236 as compared with the corresponding six months in 1970, which did not include any profits from the wholly-owned subsidiary John H. Taylor Limited. The profits from this subsidiary in the six months to 30th June, 1971, were £30,090.

In view of these results, your Directors have declared an interim dividend for 1971 of 10% as compared with 7½% last year. This dividend will be paid on the 10th December, 1971, to shareholders on the register at the 29th November, 1971.

It is proposed that a Bonus Issue should be made of one new share for each two shares held. As a result, in the near future it will be necessary to obtain the shareholders' approval to increase the authorised share capital from £250,000 to £260,000.

Interim Statement for half year to 30th June, 1971

The unaudited results for Fedex Limited and its subsidiaries for the first six months of 1971, compared with the corresponding six months in 1970 and the full year of 1970, are set out below:

	Six months to 30th June 1971	Year to 31st December 1970
Turnover	£1,768,752	£948,659
Profits on trading before taxation	£93,324	£41,088
Fraction—estimated	£26,396	£16,282
Fraction—provision		£54,093
Profits after taxation	£56,928	£24,806
	£76,737	

J. R. WILLIAMS,  
Chairman

Daisy Hill, Burstwick, Hull, HU12 9RE  
Date 15th October, 1971.

## COMPANY NOTICES

### ANGLO AMERICAN CORPORATION GROUP COAL MINING COMPANIES

#### CLOSING OF TRANSFER REGISTERS

For the purposes of the annual general meetings of the undermentioned companies to be held at 44, Main Street, Johannesburg, on the date and at the hours indicated, the transfer registers of members of those companies will be closed during the period indicated:

Name of Company (each of which is incorporated in the Republic of South Africa)	Date of Meeting	Time	Date of closing of transfer registers (London time)
South African Coal Estates	Tuesday, Nov. 1971	11.00 a.m.	2nd to 5th Nov. 1971
Witbank Limite	Do.	10.15 a.m.	Do.
Natal Coal Exploration	Do.	10.45 a.m.	Do.
Zululand Natal Collieries	Do.	10.30 a.m.	Do.

By Order of the Board  
For and on behalf of  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED  
London Secretary  
E. Burrows.

\* These companies have no London Office.  
Office of the United Kingdom transfer secretary:  
Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.

RECEIVED  
October 18, 1971, Hobson Vizcay E.C.P. 1A/J



The Financial Times Tuesday October 19 1971

## STOCK EXCHANGE REPORT

## Quiet markets helped by approach to Trust Houses

## Share index 1.1 harder at 415.7—British Funds falter

## ACCOUNT DEALING DATES

Option

First Declara: Last Account Dealings Days  
Oct. 4 Oct. 14 Oct. 15 Oct. 26  
Oct. 18 Oct. 28 Oct. 29 Nov. 23  
Nov. 1 Nov. 11 Nov. 12 Nov. 23

\* New time dealign may take place on 5 p.m. three business days earlier.

Stock markets were highlighted yesterday by the bid approach by Allied Breweries to Trust Houses and equity leaders slightly ahead of the news which followed the official close.

Indeed it hardened. The combined market capitalisation of the two participants is £1,000 million, twice the biggest operation of its kind for about three years. Few talk.

points emerged earlier and of the leaders moved within narrow limits and with a slight downward bias on continued lack buying interest. Glidetech's good market of late on a chart "buy" signal, moved ahead 17p further to 450p. Clive gained 17p to a 1971 peak of 825p in December.

A good day's business in investment dollars left the premium unafforded at 201 per cent.

## Eagle Star rise

Home Banks sustained fresh falls of about 10p at first, but rallied to close 10p higher on balance after a quiet day. American Merchant Banks, Dalton Bank, and Merchant Banks' good market of late on a chart "buy" signal, moved ahead 17p further to 450p. Clive gained 17p to a 1971 peak of 825p in December.

Business remained quiet in January, with prices in general failing to lose further ground. Eagle Stars had a good exception, rising 10p at 460p, after a year's peak of 497p, in anticipation of tomorrow's interim results. Miner Holdings were prominently built in Lloyds brokers with a loss of 12p at 313p.

Breweries were inclined easier on lack of interest, but Distillers made a brighter showing with Highland rising 4p to 172p in front of today's results.

**Ever Ready good**  
Leading Building issues were quiet, but there was a fair sprinkling of small gains in second-line issues. These responded to Press comment with a rise of 6p at 49p, while similarly International Timber, Mather and Platt and M&M Industrialists gained 5p to 165p. Helped by the new Turkish contract, Simon jumped 12p to 149p. Amari put on around 7p more to 195p, while Manganese Bronze rose 5p to 281p.

Television issues were mixed. Relying on price-taking weak holders on the appearance of the 500m GLC loan.

The Financial Times Industrial share index up 0.5 at 1.1 at 9.83 a.m. and 0.8 down at 1 p.m., reflected with a net rise of 1.1 at 9.7 with business in the leaders that limited. Potential buyers were again inhibited by uncertainty, regarding the short-term of tomorrow's interim results.

Miner Holdings were prominently built in Lloyds brokers with a loss of 12p at 313p.

Breweries were inclined easier on lack of interest, but Distillers made a brighter showing with Highland rising 4p to 172p in front of today's results.

**It's turn dull**

Following terms of the new "tap" stock, British Funds had a firm opening, but news of the issue of 74 per cent G.L.C. stock served to halt a market in its tracks. After

owing rises of 4 to 4½ months a long came back to close with a gain of 2p at 308p.

Television issues were mixed. Relying on price-taking weak holders on the appearance of the 500m GLC loan.

**UTHORISED UNIT TRUSTS (p\*\*\*)**

**5 Yield %**

(a) Abacus Management, E.C.2. 5.00

£100,000. 59.5 5.00

With Units. 50.5 5.00

One Unit. 50.5 5.00

Hed. Hamb. Group

(b) Allied Investors Trusts Ltd.

Bishopsgate EC2B 02776 520000

£100,000. 59.5 5.00

With Units. 50.5 5.00

One Unit. 50.5 5.00

£100,000. 59.5 5.00

One Unit. 50.5 5.00





## CANADIANS

## F.T. SHARE INFORMATION SERVICE

## BRITISH FUNDS

## GROWTH FUND

Stock Closing Price £ + or - last 10 min. £ High/Low £

" Shorts " (Lives up to Five Years) £

Conv. Sp. 1972 100x 5.97 4.71

Gas 4% 63/2 89x 4.02 4.77

Exchequer Gte 1972 100x 5.95 4.75

Transport 1972 100x 6.00 4.88

Electric Sp. 63/2 75x 5.08 4.89

Trans. Sp. 63/2 97x 5.08 4.89

Conv. Sp. 1972 100x 5.08 4.89

Treasury Sp. 1972 100x 5.08 4.89

Treasury Sp. 1974 99x 5.52 6.71

Treasury Sp. 1975 102x 6.67 5.76

Conv. Sp. 63/2 82x 5.24 6.15

Exchequer Sp. 63/2 82x 5.24 6.15

Gas 4% 63/2 82x 5.24 6.15

Transport 1972 101x 6.61 6.51

Conv. Sp. 1972 100x 6.61 6.51

Treasury Sp. 1974 99x 5.52 6.71

Treasury Sp. 1975 102x 6.67 5.76

Fifteen to Twenty Years £

Funding Sp. 63/2 90x 4.08 6.00

Conv. Sp. 1971 101x 6.25 6.25

Gas 4% 63/2 82x 5.24 6.15

Exchequer Sp. 63/2 82x 5.24 6.15

Conv. Sp. 1972 100x 5.24 6.15

Conv. Sp. 1973 100x 5.24 6.15

Conv. Sp. 1974 100x 5.24 6.15

Conv. Sp. 1975 100x 5.24 6.15

Over Fifteen Years £

Funding Sp. 63/2 87x 7.56 7.62

Conv. Sp. 1971 101x 6.25 6.25

Gas 4% 63/2 82x 5.24 6.15

Exchequer Sp. 63/2 82x 5.24 6.15

Conv. Sp. 1972 100x 5.24 6.15

Conv. Sp. 1973 100x 5.24 6.15

Conv. Sp. 1974 100x 5.24 6.15

Conv. Sp. 1975 100x 5.24 6.15

Undated £

INTERNATIONAL BANK

Stock Closing Price £ + or - last 10 min. £ High/Low £

Treasury Sp. 1971 100x 3.72 5.71

Conv. Sp. 1972 79x 3.62 4.48

Conv. Sp. 1973 104x 7.64 6.82

Conv. Sp. 1974 25x 8.15 8.57

Conv. Sp. 1975 25x 8.15 8.57

Conv. Sp. 1976 25x 8.15 8.57

Conv. Sp. 1977 25x 8.15 8.57

Conv. Sp. 1978 25x 8.15 8.57

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Conv. Sp. 2021 25x 8.15 8.57

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Conv. Sp. 2077 25x 8.15 8.57

Conv. Sp. 2078 25x 8.15 8.57





## THE LEX COLUMN

# Gearing versus dilution for Allied

With an equity capitalisation of £100m, before the bid, siderable hurdle. AB is sitting pretty enough with £108m. of borrowings against a net worth of £183m. But THF has loans of about £90m. on top of £54m. of net worth, so that just to finance half of a bid worth say £140m. with loan stock would leave AB with a net worth of £288m. Even with an undervalued combined property portfolio in the books at £270m. odd, this would be a big swallow. However, shareholders of THF would actually block a reasonable bid, and given the significant entrepreneurial holding, price must be the key issue.

The problem here is that AB can be represented as a fast-growing profits proposition and thus would seem to face a dilution problem on prospective earnings of perhaps 7.8p a share, when no significant increase is now expected from THF over 1969-70's net of 7.6p a share: the respective closing share prices yesterday were 155p and 117p. Nor on the face of it could loan stock go far to solving the problem, since THF's pre-interest profits respectively.

A 45 per cent drop in steel profits is the reasonably predictable outcome of the contrast between last year's buoyant prices and volume with a 15 per cent odd drop in capacity utilisation this time. Whimsically, however, domestic products—like beds and kitchen units—are also down by upwards of 40 per cent. The engineering division has saved the day, with profits £247,000 higher at £652,000 despite the Ford strike, and that follows better pricing and loss elimination in automobile original equipment, a major part of sales.

A forecast of current half profits comparable to the first six months does not necessarily imply an improving trend, since strikes were a big problem a year ago. Yet the possibility is there in engineering and domestic products—50 per cent of first half profits—with demand from the motor industry still unexciting and consumer goods only starting to pick up now. Meanwhile, the interest charge should be trailing back: stocks are down, over £600,000

working capital has been released following the Shumbergland acquisition, and a subsidiary has been sold for £900,000 cash. That is the case for a fully diluted prospective p/e of 11.3 at 65p: the timing is dictated by the steel cycle.

## Allied Suppliers

The cryptic comment from Allied Suppliers after a first half drop in pre-tax profits from £3.89m. to £3.68m. is that the group could be returning to the trend seen before the second half of 1970 when profits slipped badly to £3.22m. The implication is that Allied will produce at least £4m. in the rest of the year for a total of £7.7m. (almost in line with the 1969 peak) and an earnings rise from 17.4p to a little over 19p a share. If so, the share price can stand on its own two feet at 264p, under 14 times prospective earnings.

A first half sales rise of 9 per cent was no great shakes, but further branch pruning could have held back volume and anyway the group appears

geared to what is now a more

mature market in interlinings with a difficult cost hump as has involved a pruning of 200 lines to 80 lines and a sizeable stock cut-back, hopefully improving the stockturn to 3:1 by the end of the year against around 2:1 in 1970. Meanwhile the concentration of seven production units under one roof in London has been completed, and the price rises announced in January should have an increasing effect as they work through to large contracts. In fact the 14 per cent sales gain in the first half owed only two or three points to prices, and the figure excludes the half-owned U.S. associate, very much the star turn this year with a 50 per cent sales gain and a turnaround into profits on modest scale. Thus, if we assume a say £500,000 for the year pre-tax, and a normal tax charge (actually Dutch tax losses will keep it low), the prospective p/e on earnings of 42p a share would be 16, which looks a fair compromise when full recovery and established earnings could be not much more than a year away.



## Weather

## UK TO-DAY

Scotland, N. Ireland, N. England and Wales will have equally sunny intervals. S. Wales, Midlands, E. Anglia and S. parts of England will be rather cloudy with rain at times but will become brighter from the W. It will be rather warm in the S. Winds will be strong, reaching gale force at times.

E. Anglia; E. Midlands; Channel Is.; S. Wales; Midland; E. Anglia and S. parts of England will be rather cloudy with rain at times but will become brighter from the W.

Winds will be strong, reaching gale force at times.

Wales; Midland; E. Anglia and S. parts of England will be rather cloudy with rain at times but will become brighter from the W.

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